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ABSTRACT

This report culminates 2 years of a major policy inquiry into New York's manpower problems by the State Senate's Special Senate Committee on Manpower. Part One gives data showing unemployment by occupation, race, education, and place of residence. The effects on the disadvantaged of changing employment patterns are demonstrated, and various manpower programs are evaluated. Part Two discusses the implications of these findings for welfare, unemployment insurance, and manpower development programs. For policy and planning the committee recommends a central manpower advisory board composed of industry, labor, academic, and government experts capable of formulating a comprehensive manpower development plan. Policy should concentrate on making employment more attractive than welfare, and improving the structural imbalance of the labor market by improving the skills of surplus manpower and offering a labor exchange to improve mobility. An independent and permanent source of funds is needed to supplement state and federal funds and might be acquired through a special unemployment insurance tax payable by the employer as an investment in a more effective employment service program. (BH)

ED0 42892

RESOLVING THE MANPOWER PARADOX:
Workers Without Jobs:
Jobs Without Workers.

THE 1969 MANPOWER REPORT
COMMITTEE ON LABOR AND INDUSTRY
SENATE OF THE STATE OF NEW YORK

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STATE OF NEW YORK — LEGISLATIVE DOCUMENT (1969) — NUMBER 84

Letter of Transmittal

June, 1969

TO THE LEGISLATURE OF THE STATE OF NEW YORK

This report of the Senate Standing Committee on Labor and Industry presents the findings and conclusions of the Committee's study of the manpower development problems of the State of New York since the publication of its preliminary report of June 1968.

The Committee acknowledges the valuable contribution of the many individuals representing Federal and State manpower agencies, management and labor who have offered the benefit of their wisdom and accumulated experience with manpower problems at Committee seminars and long sessions with Committee staff members. The Committee is indebted to the fine efforts of its staff particularly, its Research Director, Robert A. Wieboldt, its Public Relations Director, Howard A. Gates, and its Research Assistants, P. David Billet, and Richard J. Farley, for their invaluable assistance in preparing this report.

The Committee has continued the work of the Special Senate Committee on Manpower, chaired by Senator D. Clinton Dominick during the 1967 legislative session, which explored the manpower shortage, providing a basis for this Committee's further concentration on the manpower surplus, the problems created by unemployment and underemployment.

Respectfully submitted,

Senator Thomas Laverne—*Chairman*
Senator Edward J. Speno
Senator John D. Caemmerer
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Preface

By the Chairman, SENATOR THOMAS LAVERNE

The employment problems confronting New York State today are closely linked to the welfare and poverty problems which are assuming so large a burden in the eyes of today's taxpayers, news media and public decision-makers. Imaginative proposals are pouring from a host of study commissions and our academic communities which excite the interest and certainly whet the appetite of the problem solver. However, practicalities created by the complex nature of the problems and the difficult political questions raised by such well publicized concepts as the Freedom Budget, negative income tax, family allowance, and other "answers" to the poverty problem involving full employment and guaranteed income schemes, severly limit the utility of these proposals.

The State Legislature is on the firing line facing day to day decisions influencing the effectiveness of the government's response to these great social problems. Answers must be found with the tools available today, in our welfare legislation, our social insurances, our manpower development efforts, and not with imaginatively designed panaceas requiring surplus funds not yet available or massive structural reorganization not yet possible under current federal-state-local relations. Reform must be tempered with realism, but to be realistic is not to be insensitive to the needs of those in our poverty community.

Policy problems created by the gap between existing and projected job vacancies and the skills of the unemployed or underemployed was the primary focus of the preliminary report of the New York State Senate Committee on Labor and Industry entitled *The Manpower Paradox: Workers Without Jobs; Jobs Without Workers,* released in June 1968. The report noted that this "skill gap" or "manpower paradox" existed in spite of two decades of a "full employment" policy and billions of dollars which government had invested in a multitude of manpower development programs.

The Committee recognized the complex nature of the manpower problems of the disadvantaged, and disagreed with those who claim that the provision of jobs is enough. Employment without training can never produce more than low-wage unskilled jobs which are another dead end, and merely disguised relief. The Committee recognized that the economic handicaps of the disadvantaged result from inadequate education, producing a lack of useful skills, and too often, the absence of motivation on the part of the disadvantaged. On the other hand, the problem also consists of unrealistic employer requirements for entry level jobs, too short a skill ladder, and too few promotion opportunities for the disadvantaged worker entering at the bottom of the skill ladder, and, in some cases, outright discrimination. Thus, it recognized that the problem involves education, housing, health, human rights, social welfare, and even psychology.

The attack on this most complex of problems, spearheaded by a host of often conflicting government programs, left much to be desired in the Committee's view. The manpower efforts of government were found to be, in reality, the manpower efforts of the Federal government. New York State was found to be, not entirely without its consent, a "junior partner" in manpower development.

The Committee found that these programs, conceived by government, and largely funded by government, ignored until recently the potential substantial contribution of private enterprise. In addition, the Committee noted that the most successful of these programs were reaching the wrong people. Only a few experimental and lately developed programs had effectively reached the hard-core disadvantaged in only a few communities.

The Committee tentatively concluded that our government efforts are inadequate and misdirected. While we had made substantial investments in manpower, these investments were dwarfed by the size of our welfare budget. The 2.6 billion dollars annually spent by all levels of government on welfare in New York State indicated that we had failed to replace relief with rehabilitation to the extent possible. Although the Committee did not claim that a comprehensive manpower development program can totally replace welfare, it proposed that a substantial dent in welfare expenditures could be made if manpower efforts were undertaken with a new sense of commitment and together with providing day-care and other supportive services.

The most significant Committee findings, however, were the lack of any semblance of a comprehensive manpower development policy for the State or nation. A program policy and planning effort was underway, but no systematic statement of manpower goals or implementation plan was in effect.

Five general suggestions were put forth as trial balloons to stimulate widespread dialogue on manpower policy in New York State. These were:

1) A guarantee of job training to all those who need it, as a basis for a new State commitment to manpower development.

2) An umbrella agency to coordinate State and local manpower training.

3) Investigation of ways to provide greater incentives to forge a private enterprise-government manpower partnership.

4) A "Search and Employ" operation to extend our manpower services to the really hard-core of the disadvantaged, and

5) A special emphasis on rehabilitating welfare recipients to break the vicious cycle of dependency.

Since the publication of the Committee's preliminary report, several noteworthy developments have occurred in the manpower field which also influenced the content of this final report. Legislation creating the Urban Job Incentive Board and funding the State's initial commitment to the Work Incentive Program for welfare recipients was enacted by the 1968 legislature. A major step toward coordinating the State's manpower policy and programs was the creation by the Governor of a Social Development Planning Council, with a manpower policy component body. While this is not the umbrella agency recommended by the preliminary report, it is an attempt to provide policy guidance at the State level. Further, the 1969 legislature included expanded funds for manpower training in its approval of the 1969–1970 budget. This expansion of the State's manpower efforts to a $15 million level, while not a sufficient commitment to manpower development, represents the most extensive commitment possible in view of current State financial requirements.

These developments and the Committee's follow-up research have resulted in a thoroughgoing re-evaluation of the conclusions and recommendations of the preliminary report. Many of the Committee's preliminary conclusions were substantially revised. This final report incorporates changes in both emphasis and specific recommendations.

The most significant revision of the Committee's earlier thinking is a recognition that the preliminary report over-emphasized job training. For example, the Committee's prime policy recommendation was a State commitment to guarantee job training to all who required it. To accomplish the State's manpower goals, which could be described as: (1) to insure that job vacancies caused by skill shortages throughout the country are adequately filled, and (2) every worker has opportunity to achieve employment at his maximum potential, more than job training programs are necessary. Job training is necessary, if not vital, to meet the skill needs of employers, public and private, and can improve the earning capacity and advancement potential of individuals, particularly for the frequently unemployed or the underemployed. But, job training alone can not fill all available job vacancies, nor can it upgrade the skills of all workers, or erase the barriers that too often are erected between the minority group worker and a productive job. This report treats manpower training as one tool among several available to government to promote these goals. In this light, the Committee's guaranteed job training proposal was at once too grandiose and too limited.

The proposed guarantee was beyond the means of current government potential. It could not be reached with less than a firm commitment to manpower policy goals embracing far more than training programs. In effect, a guarantee of job training fell short of its intent, which was a dedication of government resources to guarantee not employment, but opportunity to all New Yorkers, opportunity to maximize their contribution to a productive society and their share of its rewards. Our goal is to establish a continuous, credible, and effective delivery system for manpower services of all kinds to all individuals able and willing to use them. The commitment discussed in this report is complex. It concerns not only employment for the disadvantaged, but for the working poor and employed middle class as well. Its scope includes private as well as public decisionmaking. It reaches to the heart of the manpower paradox and ranges over many crucial social and economic policy questions. This complexity is a result of the importance of manpower policy and a reflection of how fragmented our conception of the limits of manpower policy has become.

Manpower policy will be treated in this report as a comprehensive blueprint for manpower development embracing the roles of both government and private enterprise. The Committee reaffirms its earlier conclusion that such a policy is an imperative for State government and that a policy making body and streamlined implementing machinery be established as soon as possible, supported by a firm, continuous financial commitment to manpower development programs. We need not only training but active government participation in the process of hiring in a complex public-private job market.

To meet skill shortages, the Committee advocates extension of a public-private partnership to establish a statewide training system in both industry and government employment. In the public sector government on-the-job training, apprenticeship support, job development and placement activities must be vastly expanded. To accomplish this, the manpower activities of

State agencies must be coordinated and streamlined. The Committee holds with many experts the view that a central manpower agency is essential. In view of its existing services, the Committee recommends a thoroughgoing study of the feasibility of utilizing the Division of Employment of the Department of Labor as the manpower services delivery vehicle for all State manpower services. Vocational education would be excluded, with close coordination of these efforts through the Division of Employment. Coordination of adult manpower training, both instructional and on-the-job, apprenticeship training, youth employment services, all government placement and job development activities would be achieved through such a central manpower agency. The state of California is taking similar steps to consolidate its manpower activities.

More important than delivery of services, however, is the policy and planning function. The Legislature and Governor require policy guidance that can only come through a responsive policy making body able to produce a long range plan for implementing manpower development goals. While the Social Development Planning Council may provide this guidance, the Committee strongly suggests formation of a manpower advisory board composed of industry, labor, academic and government experts capable of formulating a comprehensive manpower development plan. For short range planning, an annual manpower report to the Governor and legislature should be required from the State's central manpower agency.

The importance attached to manpower policy by this Committee stems directly from its belief in the significance of productive employment to the individual, his family and society. The social policy confusion, apparent at all levels of government, neglects the importance of employment. While $15 million for the State's manpower program must be viewed in the perspective of much larger Federal outlays, the total manpower development expenditures for all levels of government are dwarfed by the welfare systems aggravated demands on the public purse.

The welfare system has provided an attractive alternative to employment for the low income wage earner who heads a household. This choice has had an inflationary effect on welfare rolls, retarding such efforts as work experience and incentive programs designed to rehabilitate the relief recipient. The effects on family structure have been eloquently outlined by Professor Moynihan and others. We have evolved into a socially tragic situation which places the employed poor in a disadvantageous economic position. If low income families wish to maximize their economic position, a combination of father absence and welfare aid to dependent children and their mother is substantially superior to living on a father's low wage. The absence of day-care facilities of the quality and number required by the disadvantaged further complicates the problem.

The Committee has concentrated its treatment of the economic situation of the disadvantaged on ways to make employment a more attractive alternative. Increased employment, day-care and the supportive services to the disadvantaged, and a revision of our unemployment and workmen's compensation insurance systems to provide coverage for dependents as well as the worker himself are necessary. These measures will maintain the disadvantaged worker in employment, upgrading his earning capacity and protecting his family from the hazard of frequent unemployment or underemployment to which he is condemned by his poor economic competitive position.

Beyond this, the State must examine barriers to employment and advancement of disadvantaged workers. Perhaps because of its over-emphasis on manpower training, the Committee's preliminary report did not discuss the need to examine the role of credentials and license systems in both public and private hiring practices. At its New York City hearing, the Committee was told that artificial barriers contained in these systems denied jobs to 500,000 disadvantaged workers in New York City alone. There is an obvious need to develop new careers, especially in the human service fields, to meet skill shortages and to expand employment opportunity to the less skilled. A parallel effort must be made to determine the impact of what S. M. Miller, of New York University has termed "credentialism", which amounts to covert discrimination against minority job seekers, through artificial reliance on such credentials as the high school diploma, which may be, in many cases, an unwarranted requirement for specific jobs.

The impact of revision of hiring practices through study of credentials, licensure and bonding requirements would be of tremendous value to the disadvantaged youth whose lack of education and delinquency record may substantially impair his lifetime employment prospects. If there is any urgent priority target for manpower development activity it is this socially explosive group among whom 25 to 40 percent are without productive employment.

The ultimate question considered by the Committee is the establishment of a permanent source of funds to support an expanded commitment to an active manpower development policy. The uncertainty and fluctuation inherent in funding manpower efforts through the annual Federal and State appropriation process has been a negative influence on the development of effective long range manpower activity. A source of funds apart from this process is necessary. Therefore, the Committee is recommending, for careful consideration, a proposed Manpower Resources Development Fund to be supplied largely from a special unemployment insurance tax either as a surcharge or fraction of one percent increase in the current tax rate, established on either a Federal or State basis. This would require an additional financial commitment from the employer but could benefit employers directly through increasing the supply of trained manpower and establishing a more effective employment service program. To guide the allocation of the resources of such a fund, an employers advisory board would be established. Other sources of funds include general appropriations, interest and penalty funds and the massive Federal manpower program monies. Ideally, all manpower related funds would be pooled into the manpower resources development fund. The fund, replenished annually, could then be used to supplement Federal and private manpower commitments to expand overall manpower efforts to levels approaching need.

The major element in the Committee's recommendation is commitment of both fiscal and administrative resources. The State is at a policy crossroads with ability to choose between initiative action or reaction to growing social problems. Current piecemeal, underfunded and inconsistent manpower efforts are not an effective substitute for a new dedication of state resources to manpower development. Neither the skill needs of the economy nor the income requirements of the disadvantaged can be met with less than total commitment.

As the preliminary report of this Committee indicated, the State, in Article 23A of the Labor Law, has recognized its responsibility to provide at least manpower training to the disadvantaged. Article 23A reads in part:

> *Unless such persons are given appropriate vocational and related education and training, many of them are doomed to lifelong unemployment or underemployment and dependency on the aid, care and support of the welfare agencies of the State and its political subdivisions . . .*

With this realization, we cannot fail to guarantee opportunity to all workers to upgrade their employment capacity. But, we must go beyond training to a vigorous assumption of manpower development responsibilities, however arduous they may be, if we are to preserve the viability of our present economic system. The phantom of the "welfare state" is today an unpleasant reality; unavoidable if our manpower development efforts fail to produce an employment alternative to dependency for our working poor.

Introduction

With this report, the Senate of the State of New York concludes a major policy inquiry into the problem of securing adequate employment opportunity for all New Yorkers. The inquiry we hope has pulled no punches. The conclusions presented were reached after long, hard study.

In fact, this report is the final product of two years study by committees of the New York State Senate on the State's manpower problems. Begun during the 1967 Legislative session by the Special Senate Committee on Manpower, appointed by Senate Majority Leader Earl W. Brydges and chaired by Senator D. Clinton Dominick III, the special committee was composed of the chairmen of the Standing Committees on Education, Social Services, Labor and Industry, Health and Higher Education. Its report to the Legislature of March 15, 1967, entitled *The Manpower Crisis* examined the manpower resource demands of a changing job market, concentrating on expected manpower shortages. In discussing these manpower shortages, the Committee noted:

> *The manpower needs of the Empire State in the 1970's pose an urgent challenge to today's planners, administrators and lawmakers. The challenge is one of defining the nature and causes of manpower gaps, projecting the dimensions of the employment problem, and devising long range imaginative solutions to meet a future problem before it achieves crisis proportions.*

The special committee called for programs to meet specific manpower shortages in the fields of teaching, nursing and health care, social work and higher education. Structural and program changes to expand vocational education and coordinate the State's manpower efforts were also suggested.

Realizing the exploratory nature of the special committee's research, and its concentration on the manpower shortages rather than the manpower surpluses that are creating pressing social problems, the Senate Standing Committee on Labor and Industry then prepared a more comprehensive staff study of both manpower shortages and unemployment. This study was entitled: *The Manpower Paradox: Workers Without Jobs; Jobs Without Workers,* and was submitted to the legislature as a preliminary report in June 1968. The Introduction and Summary of Recommendations of the preliminary report are printed as Appendix A of this document.

The Committee's conclusions were only preliminary. To test these conclusions against the facts and against the conclusions of experienced and concerned individuals in our local communities, the Committee disseminated its preliminary report widely, to the press, concerned government agencies, academic experts and business and labor organizations. Many submitted informative critiques to the Committee; others participated in Committee hearings and conferences.

The Committee was honored to receive a national award for the *Manpower Paradox* from the National Conference of State Legislative Leaders, which cited the preliminary report as one of the best examples of legislative research in 1968.

A public hearing and dinner meeting held in Rochester in August, 1968, to obtain first hand information on the much publicized efforts of the Rochester business community to solve its manpower problems, and to obtain informed response to the Committee's preliminary recommendations.

Later, in early October, after lengthy staff work the Committee was able to assemble a galaxy of academic experts and top administrators for a two day conference and public hearing in New York City.

This report presents, in two parts, this Committee's findings and recommendations for manpower development in New York State. Part One presents data illuminating the effects of a changing labor market, the training patterns of industry and government and operations of the labor market on job vacancies and on the disadvantaged worker. Part Two discusses the manpower policy implications of the manpower paradox described in Part One considering government and private policy decisions that must be made affecting welfare, unemployment insurance and manpower development programs, and recommends study of structural improvements in the delivery of manpower services.

This report raises many more questions than it answers. It states the positive need for action and proposes alternative approaches for state policy and programs. It is designed as a catalyst for further action, not as a firm guideline for decision. The Committee hopes it will be regarded as an important contribution to the ultimate development of a manpower program in New York State, second to none.

Part One: Labor Market Conditions: A Widening Skill Gap and The Manpower Paradox

The tension between job requirements of a technologically advancing economy and the skills of the labor force, particularly of individual workers, has created a manpower skill gap. The apparent manpower paradox, the existence of persistent hard-core unemployment simultaneously with a surplus of unfilled jobs is a result of this skill gap. The much heralded advances of an automated economy creates a social problem which is a root cause of the contemporary urban crisis.

1

The Manpower Requirements of a Changing Job Market

The occupation market in the United States is constantly changing its requirements as industry adopts more technologically sophisticated means of production in response to the ever increasing demand for its goods and services. In order to meet this increased demand, it has been necessary for most industries to automate their facilities wherever possible.

In the past, the increase in productivity that automation brought about was more than offset by demand increases for workers to supply new markets that our growing economy was creating. At first, these new markets created jobs in all levels of production—jobs for the unskilled, the skilled, as well as the professional. Today, however, our whole industrial complex has automated to the point where the emerging industries have very few openings for the unskilled worker while they desperately need those that are highly skilled in a craft or profession.

Another complication that the unskilled applicant is confronted with is that the traditional job markets for him are located in the industries where technology has had most impact. Until approximately 25 years ago, these industries had many openings that required only a desire to work in order to fill them. Automation has changed not only the requirements, but also the amount of jobs available. Total railroad employment has dropped over 700,000 since 1947; employment in the steel industry is approximately 400,000 today as compared with 568,000 in 1951; auto workers produced a million more vehicles in 1963 with 20 percent fewer workers than they had in 1953. It is quite apparent that in these industries the growth in output was accomplished with a substantial decrease in employment. In all manufacturing industries, total employment is still increasing, though not nearly as fast as output, and one can forsee the day when total "blue collar" employment will decrease while output continues to expand. This is already taking place in New York State where, in 1968, total manufacturing employment fell 9,500 while output rose. This trend is expected to continue and by 1975, (see Table 1A) manufacturing employment in New York State will be 27,000 less than it was in 1960.

Not all sectors of manufacturing will be decreasing however. The durable goods sector will increase by an estimated 76,000 by 1975. This growth will be concentrated in the making of electrical machinery and equipment, instruments and non-electrical machinery. These fields employ large numbers of skilled craftsmen and technicians. Nondurable goods, on the other hand, are expected to reduce their employment rolls by over 100,000 with above average reductions in the food, textile, apparel and leather industries. These industries employ large numbers of semi-skilled workers, especially sewing machine operatives, who will find their skills no longer needed as machines become able to do their jobs cheaper and faster.

It should be remembered that many of the goods that are coming off our assembly lines are only necessary because of the Vietnam conflict and that a future decrease in defense spending will cause an estimated 13,000 decrease in manufacturing employment. Table 2 was taken from the Post Vietnam Planning Committee's Report To Governor Nelson A. Rockefeller. It should be noted that the areas that will be hit hardest are the same areas that are now experiencing the highest unemployment rates in the state. Most of the men who will be affected will be unskilled or semi-skilled because they are the most expendable. A skill gap readily becomes apparent when one realizes that a subsequent shift of federal funds into other channels will create jobs, but not necessarily ones that can be filled by the displaced workers.

Both national and state employment in the services sector will increase over 40 percent. Inside this rapidly expanding sector, however, there are wide disparities between the different groups. The greatest expansion will be in the health field where an increase of vacancies is expected of over 50 percent. The demand for repair specialists is presently outstripping the supply and great increases will be needed by 1975 as Americans continue to buy labor-saving devices that require their services. At the other end of the ladder, people now employed in services that require only physical effort will find their jobs unneeded as more of these labor-saving devices are invented and put to use.

In the transportation and public utilities sector only small gains in total employment may be expected. While the demand for these services will greatly expand, newly developed sources of energy will cause major employment increases to be unnecessary. Solar and atomic energy are already being used in the creation of electrical power because they are cheaper, cleaner and more dependable than the older methods.

TABLE 1A and 1B: Employment of Wage and Salary Workers by Industry and Projected Requirements for 1975 (in thousands)

1A NEW YORK STATE	Actual 1960 Employment	Projected 1975 Requirements	Percent Change
TOTAL	7,265.0	8,579.9	18.1
Mining	9.5	10.4	9.5
Contract Construction	379.0	463.7	22.4
Manufacturing	1,951.2	1,924.2	-1.4
Durable Goods	851.7	928.2	8.9
Nondurable Goods	1,099.5	996.0	-9.4
Transportation & Public Utilities	584.3	620.2	6.1
Trades - Wholesale & Retail	1,540.6	1,774.6	15.2
Finance, Insurance & Real Estate	531.5	617.2	16.1
Services	1,763.6	2,598.8	41.5
Total Government	330.6	472.8	43.0
Federal Government	142.7	145.4	1.9
State & Local Government	187.9	327.4	74.2

SOURCE: Date from the **New York State Manpower Coordinating Committee's Comprehensive Manpower Plan for Fiscal Year 1969**, pp. 29 32.

1B UNITED STATES	Actual 1964 Employment	Projected 1975 Requirements	Percent Change
TOTAL	58,156	75,875	30
Mining	633	620	-2
Contract Construction	3,056	4,190	37
Manufacturing	17,259	19,740	14
Durable Goods	9,813	11,500	17
Nondurable Goods	7,446	8,240	11
Transportation & Public Utilities	3,947	4,425	12
Trades - Wholesale & Retail	12,132	16,150	33
Finance, Insurance & Real Estate	2,964	3,725	26
Services	8,569	12,275	43
Total Government	9,595	14,750	54
Federal Government	2,348	2,525	8
State & Local Government	7,248	12,225	69

NOTE: Projections for 1975 assume an unemployment rate of 3%.

SOURCE: Appendix A-2 of **America's Industrial and Occupational Manpower Requirements, 1964–1975**, U.S. Dept. of Labor, 1966.

TABLE 2: Defense Business and Directly Related Employment Based on Survey of Prime Contractors in New York State

(Bold Face Type Indicates that Area Committees are Recommended)	Total Defense Work (thousands)	Work to be Completed in 1968 (thousands)	Defense Related Employment		Defense Related Employment as Percent of		Estimated Loss Due to Defense Contract Cancellation After Two Years	
			June 1968	Change Since 1965	Factory Empl't	Total Empl't	Contracts (thousands)	Employees
NEW YORK STATE TOTAL	$3,848,700	$2,682,200	143,620	+28,300	7.6	2.1	$370,300	13,000
STANDARD METROPOLITAN STATISTICAL AREAS								
New York	2,287,000[2]	1,605,000	81,280	+10,720	7.4	1.7	240,800	8,330
New York City	466,500[2]	333,700	21,790	+ 3,920	2.6	0.6	80,300	3,050
Nassau-Suffolk	1,646,900	1,184,400	54,860	+ 6,270	34.5	8.5	151,900	4,920
Westchester	153,100	66,400	4,050	+ 150	5.3	1.4	7,800	330
Rockland	20,500	20,500	580	+ 380	4.0	1.2	800	30
Albany-Schenectady-Troy	215,000	166,000	6,700	+ 800	10.3	2.6	7,600	300
Binghamton	265,000	120,000	8,010	+ 3,500	17.0	7.7	28,000	840
Buffalo	309,100	221,900	14,140	+ 4,030	8.0	2.9	18,400	590
Rochester	390,900	239,100	9,620	+ 3,560	6.5	2.9	11,800	520
Syracuse	128,700	120,800	6,290	+ 250	9.4	2.9	5,400	180
Utica-Rome	101,600	94,500	8,630	+ 3,070	20.0	7.7	32,900	710
COUNTIES								
Cayuga	13,800	13,800	880	+ 770	12.2	6.2	500	50
Dutchess	11,000	6,800	560	− 20	2.2	1.2	6,700	370
Fulton	2,300	2,200	260	+ 60	4.1	2.5	800	70
Jefferson	7,600	7,600	460	+ 180	7.4	2.8	900	70
Montgomery	5,700	5,600	400	+ 50	4.2	2.8	1,200	60
Ontario	3,100	3,100	200	+ 100	4.2	1.5	1,300	120
Orange	23,000	17,700	650	+ 210	4.0	1.6	3,600	150
Chautauqua-Cattaraugus[3]	18,800	9,900	640	+ 130	2.1	1.2	2,700	60
Delaware-Chenango-Otsego[3]	24,200	16,800	3,610	+ 590	25.9	13.3	4,400	480
Rest of State[4]	41,900	31,400	1,300	+ 300	1.0	0.2	3,300	100

[1] Some 800 firms and institutions were listed (1967) as having prime defense contracts (above selected minimum amounts) in the State. After all eliminations, 500 firms responded.

To obtain total employment, directly related employment figures should be increased by an estimated 50 percent.

[2] Does not include transportation contracts of $690 million, and $400 million of contracts to firms that do not maintain production facilities in New York City. Both types of contracts provide minimal employment in New York State.

[3] Counties combined to avoid disclosure of data for individual firms.

[4] Nine counties included in this group for one or both of the following reasons:
(1) A very small volume of defense work.
(2) Separate listing would involve disclosure of data for individual firms.

SOURCE: Post Vietnam Planning Committee's Report to Governor Nelson A. Rockefeller, p. 38.

TABLE 3: Average Employment in Nonagricultural Establishments United States and New York State (in thousands)

INDUSTRY	UNITED STATES				NEW YORK STATE			
	December 1967	December 1968	Absolute Change	Per-cent Change	November 1967	November 1968	Absolute Change	Per-cent Change
Total Nonagricultural Wage and Salary	67,903	70,012	2,109	3.1	6,972.3	7030.3	58.0	0.8
Manufacturing	19,609	19,936	327	1.6	1,915.3	1905.8	– 9.5	–0.5
Mining	602	637	35	5.8	9.4	9.0	– 0.4	–4.2
Contract Construction	3,134	3,209	75	2.4	265.7	267.7	2.0	0.7
Transportation & Public Utilities	4,311	4,378	67	1.5	493.1	497.8	4.7	0.9
Wholesale & Retail Trade	14,618	15,167	549	3.7	1,420.5	1443.7	23.2	1.6
Finance, Insurance, & Real Estate	3,269	3,420	151	4.6	535.3	562.2	26.9	5.1
Services	10,223	10,661	438	4.3	1,239.0	1271.2	31.2	2.5
Government	12,137	12,604	467	3.8	1,094.1	1073.0	–21.1	–1.9
Federal	2,819	2,756	– 63	–2.2	n.a.	n.a.	n.a.	n.a.
State & Local	9,318	9,848	530	5.7	n.a.	n.a.	n.a.	n.a.

SOURCE: Employment and Earnings and Monthly Report on the Labor Force, U.S. Department of Labor, Tables B-1, B-7, January, 1969.

Railroad employment will continue to decrease through 1970 and then is expected to slightly increase in order to cover expected increases in service requests. The demand for motor freight transportation is expected to increase rapidly as a result of the anticipated high level of economic activity; but again, modern innovation can be expected to keep employment increases at a moderate level.

The State forecast for 1975 also makes quite apparent that our economy will be growing at different rates and in different sectors than the United States as a whole. Table 1B shows that our national economy will be expanding generally at faster rates than the state in all categories except mining and state and local governments. This is a reflection of the previous concentration of certain industries in New York State which will now be expanding to other sections of the country. There are still distinct similarities that should be drawn however.

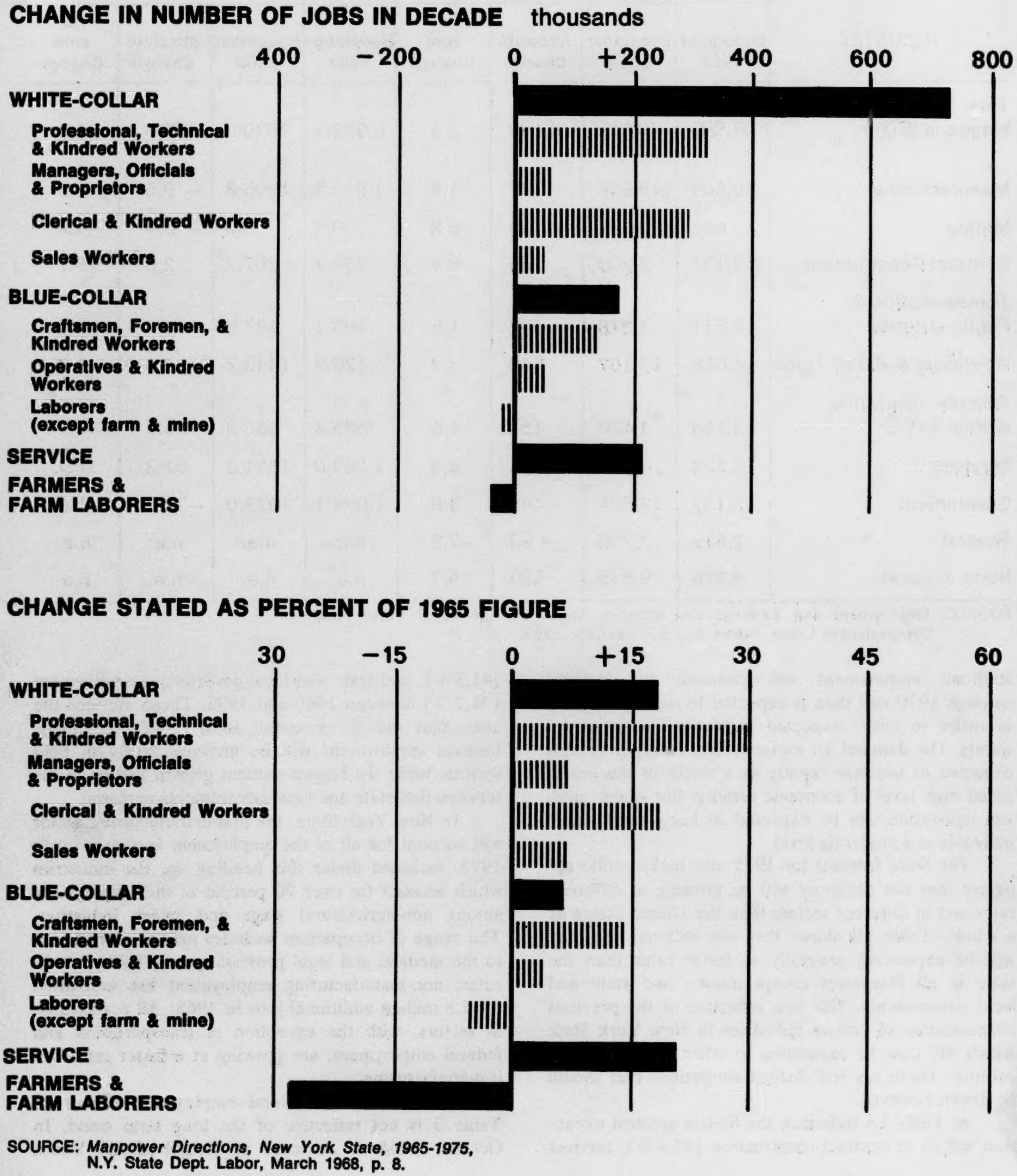
As Table 1A indicates, the State's greatest expansion will be in contract construction (22.4%), services (41.5%), and state and local government employment (74.2%) between 1960 and 1975. These are also the areas that will be expanding most rapidly nationally. Federal employment will be growing slowly in both sectors, while the largest percent growth will be in the services that state and local governments perform.

In New York State, the non-manufacturing sector will account for all of the employment increases up to 1975. Included under this heading are the industries which account for over 70 percent of the employment among non-agricultural wage and salary industries. The range of occupations includes menial service jobs to the medical and legal professions. As Table 3 indicates, non-manufacturing employment has accounted for 1.8 million additional jobs in 1968. All occupational sectors, with the exception of transportation and federal employment, are growing at a faster rate than is manufacturing.

The decline of Federal employment shown on Table 3 is not reflective of the long term trend. In October 1968, a decrease in Neighborhood Youth

CHART 1

Occupation group job trends 1965-1975



SOURCE: *Manpower Directions, New York State, 1965-1975,* N.Y. State Dept. Labor, March 1968, p. 8.

Corp positions created the decline in total Federal employment. The state and local increase was however, in excess of 6 percent, and Federal payrolls, other than the New York City, increased slightly.

As Table 3 indicates the areas currently undergoing rapid expansion are those that require highly skilled labor, the product of advanced formal education or special training. No amount of less-skilled manpower can be substituted for this training because of the highly technical nature of the job, unless many professional jobs are redesigned for sub-professionals. Presently, the demand for highly skilled labor is outstripping the supply, while unskilled and semi-skilled workers are unemployed. The New York State Department of Labor (C.A.M.P.S. Report 1968) has recently published a list of 31 occupations where there is a severe shortage of manpower. This list covered professional, service and sales positions. In all cases, the perspective employers wanted men with experience, special training or college degrees. The increased emphasis on education and special training will continue to increase in the future as our economy becomes more mechanized.

In terms of occupational group job trends across industry lines, Chart 1, shows the change in the number of jobs in the decade 1965–1975 in both absolute numbers and percentage increases. It is noteworthy that white collar employment will increase 700,000, largely in the professional, clerical and technical categories, while blue-collar employment will increase less than 200,000 and service related openings slightly over 200,000. White-collar and service related fields will increase approximately 20 percent while blue-collar growth will be only around 7 percent. Another significant development is the absolute decline in the available jobs for non-agricultural laborers, farm laborers and farmers as a group. Total employment of laborers will decrease about 5 percent while agricultural employment will experience a decline of over 25 percent of the jobs that were available in 1965.

Skill demands in specific occupational categories are therefore part of the highly technical nature of the American economy, particularly in response to the introduction of electronic data processing, instrumentation of measurement, communications advances, and increased mechanization along traditional industrial-manufacturing lines. These changes or new directions in industry have given impetus to the need for programmers, systems analysts, and console operators for example. Instrumentation advances demand operatives trained in quality control of production. From this vantage point, it is very apparent that the modern laborer is much less physically involved in the process of production, but consequently he is required to be much more knowledgeable concerning the technical aspects of his job. This demands higher levels of training and education from the prospective worker in order to understand and grapple with the problems that may arise as he supervises the increasingly technological and sophisticated mechanized modes of production. Occupations expected to increase employment by 50 percent which reflect this highly technical nature are presented in Table 4.

A study of job vacancies in the Rochester-Monroe County metropolitan area conducted by the National Industrial Conference Board in 1965, further substantiates the positive relationship between education and training and one's ability to secure a permanent, well paying job in a changing job market. A total of 8,000 job vacancies were found, 20 percent of which re-

TABLE 4: Occupations Expected to Provide More than 50 Percent More Jobs in the Decade 1965–1975

Aeronautical Engineer
Mathematician
Natural Scientist
Structural Design Technician
Civil Engineer & Construction Technician
Nurse
Medical & Dental Technician
Physicist
College Teacher
Psychologist
Airplane Pilot & Navigator
Social Scientist

Non-professional or technical fields:
- Office Machine Operator
- Policeman
- Airline Stewardess
- Hospital Aide

SOURCE: ***MANPOWER CRISIS*—Report of the Special New York State Senate Committee on Manpower, 1967.**

quired a college education and over 5,000 of the 8,000 vacancies called for a high school diploma. In fact, the median education attainment for all openings was 12 years. (see Table 5)

The greatest number of vacancies were located in the professional and managerial occupations, 2,644, while vacancies for the unskilled numbered only 507. Over 3,000 of the vacancies were in the semi-skilled and skilled occupations and required only a median of 9 years of schooling, but, it should be noted, that they also demand prior experience or specific training. Over 80 percent of the 1,154 clerical and sales openings required graduation from high school while 30 percent of the service occupations required similar training.

During this same period, the Rochester Bureau of Municipal Research conducted a comprehensive study of the unemployed to determine what personal characteristics deterred them from obtaining permanent employment. The timing of these two studies, one on jobs without workers and the other on workers without jobs, presented a unique opportunity to examine the economic imbalances in a large metropolitan area.

The Rochester area in recent years has experienced an amazingly low unemployment rate, averaging less than 2 percent. (see Table 8) Highly industrialized, the Rochester area offers its residents extensive educational opportunities and is expanding rapidly. In spite of these factors, a substantial group of people remained unemployed though job vacancies outnumbered job applicants.

The Bureau of Municipal Research, in its summary report released in January, 1967, noted that;

> *The expansion of the local economy, which since 1960 has outpaced the national growth in*

TABLE 5: Occupation and Education

Job Vacancies by Occupation Group and Minimum Education Requirement

	YEARS OF SCHOOLING REQUIRED										Standard error of total number of vacancies
	0	1 to 7	8	9 to 11	12	13 to 15	16	17 to 19	20	Total	
					Estimated Number of Job Vacancies						
Occupation Group											
Professional, semiprofessional, and managerial workers	0	11	0	7	250	439	1,625	130	182	2,644	57.9
Clerical and sales workers	0	29	32	108	852	72	61	0	0	1,154	109.0
Service workers	35	175	102	80	94	71	6	0	0	563	71.1
Skilled workers	14	238	466	131	490	51	3	0	0	1,393	180.0
Semiskilled workers	195	70	140	669	655	1	0	0	0	1,730	262.0
Unskilled workers	93	104	150	84	76	0	0	0	0	507	84.4
Total, Monroe County	337	627	890	1,079	2,417	634	1,695	130	182	7,991	358.0
Standard error of total	35.6	97.4	181.0	221.0	174.0	38.3	64.7	13.6	0	358.0	
					Horizontal Per Cent Distribution						**Median years of Schooling**
Professional, semiprofessional, and managerial workers	0	0.4	0	0.3	9.5	16.6	61.5	4.9	6.9	100.0	16
Clerical and sales workers	0	2.5	2.8	9.4	73.8	6.2	5.3	0	0	100.0	12
Service workers	6.2	31.1	18.1	14.2	16.7	12.6	1.1	0	0	100.0	8
Skilled workers	1.0	17.1	33.5	9.4	35.2	3.7	0.2	0	0	100.0	8
Semiskilled workers	11.3	4.0	8.1	38.7	37.8	0.1	0	0	0	100.0	10
Unskilled workers	18.3	20.5	29.6	16.6	15.0	0	0	0	0	100.0	8
Total	4.2	7.8	11.1	13.5	30.2	7.9	21.2	1.6	2.3	100.0	12
					Vertical Per Cent Distribution						
Professional, semiprofessional, and managerial workers	0	1.8	0	0.6	10.3	69.2	95.9	100.0	100.0	33.1	
Clerical and sales workers	0	4.6	3.6	10.0	35.3	11.4	3.6	0	0	14.4	
Service workers	10.4	27.9	11.5	7.4	3.9	11.2	0.4	0	0	7.0	
Skilled workers	4.2	38.0	52.4	12.1	20.3	8.0	0.2	0	0	17.4	
Semiskilled workers	57.9	11.2	15.7	62.0	27.1	0.2	0	0	0	21.6	
Unskilled workers	27.6	16.6	16.9	7.8	3.1	0	0	0	0	6.3	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

SOURCE: The Conference Board Record, "The NICB Job Vacancy Study," May 1965. National Industrial Conference Board, 845 Third Ave., N.Y. City 10022 *employment by four times and has bettered the national decrease in unemployment by the same ratio, has continued at a rapid pace through recent months. When this study commenced in February of 1965, there were approximately 280,000 persons employed in Rochester and Monroe County, 7,900 persons unemployed, and over 5,000 vacant jobs. Employment in 1966 reached a peak of 317,300, unemployment fell to a low of 3,500 and vacant jobs rose to over 10,000. As indicated in the figures, part of the steadily increasing demand by employers for labor has been met by an increase in the labor force, part has been satisfied by giving employment to many of the unemployed, and part has remained unsatisfied, as witnessed by the increase in job vacancies.*

The persistence of a group of unemployed persons in this tight labor market situation is the focal point of this study. With job openings outnumbering the unemployed almost three to one, the basic question is why aren't all the unemployed filling the job vacancies? Is there a gross mismatching between the requirements of available jobs and that of the qualifications of the unemployed, or must clues be sought in other characteristics of the unemployed or in the larger community?

Although the tight labor market in the Rochester area influences interpretation of the job vacancy situation by exaggerating the skill gap, by using New York State Department of Labor statistics, it is possible to estimate that approximately 300,000 manhours a day are lost in this state alone because qualified employees cannot be found for existing vacancies. For the 1965–1975 period, the educational requirement demanded for entry into many new occupations will be a college degree. Table 6 shows the disparity between the expected educational attainment of our labor force and the requirements for the many new jobs that will be created during this decade. A plus indicates an excess of workers over demand; a minus number indicates a deficiency of workers for projected demand.

These estimates indicate that there will be 35,000 jobs created requiring at least a college degree that will go unfilled. By the same token, individuals with less than four years of college will find themselves in a labor market where there will be an oversupply of workers.

TABLE 6: Labor Market Supply and Demand by Educational Requirements of Workers 1965-1975 in New York State

EDUCATIONAL LEVEL	LABOR FORCE
Less than High School Diploma	+17,000
High School Diploma, But Less than 4 Years of College	+18,000
Four or More Years of College	—35,000

SOURCE: New York State Department of Labor, *Manpower Directions, New York State,* 1965-1975, p.12.

THE DISTRIBUTION OF JOBS: An Emerging Mileage Gap

In addition to a general elevation of skill requirements, the economy is experiencing significant locational changes. Job openings are expanding faster outside of central cities as a result of a general decentralization of American industry observable over several decades. Concurrently, migration patterns of the labor force have led to concentrations of low skilled workers in our central cities. These concentrations include the hardcore of our unemployed, large numbers of disadvantaged families, dense concentrations of minority groups, and excessively high numbers of individuals with the employment handicaps of many kinds which produce persistent underemployment. In effect a "mileage gap" is developing between those who most need jobs and available job openings, including the most desirable jobs in terms of status and salary. These trends are discussed to illuminate the importance of this "mileage gap" to manpower policy.

A relative and absolute decline of employment opportunities in central cities began shortly after World War II. Since that time the country's largest growth rate in population, production and employment has occurred in the suburban parts of large metropolitan regions. As previously suggested, all available data indicate that this trend towards metropolitan dispersal will accelerate. A study conducted by the U.S. Department of Labor over a five year period showed that in the suburban ring around New York City the number of jobs increased by 552,000 while only 165,000 were added to the central city's total. Though exact information is not available on other metropolitan areas in the state, their changes in total employment and population reflect a similar trend.

In addition to the numerical change in total jobs, there is ample evidence that the distribution of occupational growth also varies between the central cities and their suburban ring. Table 7A is a breakdown of projected growth in New York City and its suburbs by occupation. In the period covered, 1965–75, total employment growth in the city will be very slow, 3.6

percent, while in the suburbs it will be increasing very rapidly. More significantly for manpower evaluation purposes, all gains in city employment will be in two occupational groups, professional-technical and in the services. During this period, manufacturing, traditionally a major employer of the low skilled and new entrant, will decrease its employment by over 100,000 (12%) in the central city. The U.S. Department of Labor reports that over 80 percent of the 1964–1967 increase in New York City non-agricultural employment was in the white-collar positions. The remainder was concentrated in highly skilled technical and service occupations.

In sharp contrast to the city's occupational concentration, the suburb's are experiencing above average growth rates in all categories. Table 7A points out that the Nassau-Suffolk area is expected to increase total employment by over 50 percent (363,200) while the Rockland-Westchester area will experience a 35.5 percent increase (38,600). Total manufacturing employment in these areas will increase almost 60,000 resulting in a net decrease of over 40,000 "blue-collar" employees in the entire area. This trend towards the concentration of our work force in the service and professional occupations was noted earlier and has its roots in the increasing rate of productivity that automation has brought about.

If the changes in employment distributions identified above continue, and every indication is that they will, they will bring about even more changes in the shape of the metropolitan area. City and suburb are already becoming one. The U.S. Department of Commerce reports that by 1968, the majority of metropolitan area residents were living in the suburbs, whereas in 1960 the opposite was true. Over the long haul, these processes could result in a relatively even distribution of employment and population that is sharply different from what we know today, and even less like what we remember of the historic city.

Technology and automation have had great impact on agricultural employment. The optimum size of a profitable farm is quite large and hence many small farmers have sold out to larger ones. The larger operations have used an increasing amount of machinery and a decreasing amount of manpower to produce the nations agricultural products. From 1929 to 1968, farm employment decreased 7.2 million nationally while statewide, the decrease was 189,000. Most of the workers displaced were in semi-skilled and unskilled positions with little, if any, reference to other segments of the economy. As a group, they tend to be very young and less educated than the city's population. More important, the older members tend to have the least education which severely limits their ability to support a family.

Another group that has been migrating from rural areas is the American Negro. For over 50 years there has been a mass movement of Negroes from the rural areas of the south to the metropolises of the North, West, and South. The 1960 Census showed the importance of this migration. In most states outside the South, about half the non-white population consisted of persons born in other states. Migration has added enormously to the non-white populations of Northern and Western states. Negro migration has not ended, but the rural to urban pattern has changed. Today, the majority of migrants to most American cities, whatever their color, are now coming from other urban areas. The lone exception, significant only in New York State totals and therefore overlooked in most national surveys, is the Puerto Rican migrant.

At the height of American migration, late 1940's, Ralph Turner in an article entitled "Migration to a Medium-Sized American City", published in the *Journal of Social Psychology,* interviewed migrants in order to discover why they had moved. The migrant gave answers relating to jobs far more than any other reasons the largest number reported a specific job brought them to the city, but another sizable number said they came looking for work. This was true for Negroes as well as whites. However, since workers in relatively unskilled occupations more often migrate without having a job already secured, and since Negroes include a higher proportion of unskilled workers, Negroes who migrate are more often looking for work than are migrating whites. This is extremely significant because rather than looking for housing near his job, many migrants look for housing first and then seek employment. Since the cheapest and most readily available housing is located in decaying areas of the central cities, many unskilled job seekers move there creating ghettos of unskilled, predominately black residents. When they do seek work, they find few local vacancies because of the employment patterns discussed above.

The resulting "mileage gap", a surplus of unskilled workers in central cities while all expansion of positions that they can fill are located in suburbia, is already evident. A recent survey conducted by the Polytechnic Institute of Brooklyn reported that for companies employing 100 or more employees in Nassuau-Suffolk, 40 percent of their existing vacancies were in unskilled positions. For smaller firms the figure was 33.8 percent. Many employers cited problems in hiring and retaining male workers. One of these employers had an entry wage of $2.76 an hour with overtime available. Another company with an average employment of 110 workers, issued over 400 income tax withholding forms. The relatively high starting salary for unskilled workers, 78 percent in excess of $70, was substantially above the minimum wage but still

TABLE 7: Occupation Distribution of Jobs, Estimated 1965 and Projected 1975 New York City and Suburbs (in thousands)

(A) OCCUPATION	New York City			Nassau-Suffolk Area			Rockland-Westchester Area		
	1965	1975	% Change	1965	1975	% Change	1965	1975	% Change
All Occupations	3,983.1	4,127.5	3.6	717.8	1,081.0	50.6	389.9	528.5	35.5
Professional, Technical	515.4	610.2	18.3	129.8	192.3	48.1	69.8	98.6	41.1
Sales Workers	324.5	317.0	— 2.3	56.6	81.8	44.5	27.9	37.4	34.0
Craftsmen, Foremen	423.0	422.1		112.3	161.8	44.1	49.8	65.5	31.5
Operatives	668.4	614.4	— 8.1	101.8	145.9	44.3	59.0	76.6	29.8
Service Workers	544.5	591.8	8.7	97.0	158.7	63.6	60.8	84.4	38.8

(B) UNSKILLED POSITIONS

	1965	1975	% Change	1965	1975	% Change	1965	1975	% Change
Private Household Workers	75.6	69.4	— 8.2	26.1	35.8	37.1	19.7	23.7	20.3
Guards & Watchmen	21.0	21.4	1.9	3.7	7.6	106.0	2.1	2.6	23.8
Waiters & Waitresses	57.0	62.3	9.3	8.5	13.8	63.3	4.9	7.6	55.1
Charwomen & Cleaners	19.9	18.8	— 5.5	1.7	2.7	58.8	1.0	1.4	40.0
Janitors & Sextons	24.9	18.6	—25.3	5.3	6.7	11.3	2.4	3.1	29.2
Non-Farm Laborers	141.9	122.2	—13.8	16.9	24.6	45.5	11.2	14.0	25.0
TOTAL UNSKILLED OCCUPATIONS	340.3	312.7	— 8.1	62.2	91.2	46.6	41.3	52.4	26.8

SOURCE: Data compiled from MANPOWER DIRECTIONS, NEW YORK STATE, 1965–1975, Vol. 11, N.Y.S. Labor Department.

insufficient to attract workers located miles away who probably knew nothing of the vacancies anyway.

Table 7B is a projection of the distribution of selected unskilled occupations in the New York City metropolitan area. These jobs can be filled by most anyone except the watchman position, which might require a clean police record. During the period covered, 1965–75, employment in these categories will decline by 28,000 (8.1 percent) in the central city. Meanwhile similar employment in the Nassau-Suffolk and Westchester-Rockland areas will increase by 39,000 (32 percent). Under past migration patterns, the unskilled members of migratory groups have settled into areas where they have the least chance of getting permanent employment while fair paying jobs are going begging in the suburbs. The same is true in all metropolitan areas of the State. To close this mileage gap, three alternatives must be accomplished; adequate transportation to the job must be provided for city dwellers; employers must move their firms back into the cities; or these people must move to the suburbs.

SUMMARY

This chapter has outlined a pervasive pattern of changes in our manpower requirements characterized by increasing demands for more highly skilled workers. A general move toward white collar, professional, technical and managerial job openings is accompanied by an overall decline in blue collar and unskilled job openings.

The basic problem created by this skill gap between emerging job vacancies and the available unemployed is that the unemployed because of skill deficiencies are unable to fill these vacancies in highly skilled fields.

Supplementing changing skill requirements, a clear pattern of locational change in employment opportunity exists, which has resulted in what we have termed the "mileage gap", a surplus of low skilled jobs in suburban areas existing simultaneously with a surplus of manpower in our urban poverty core areas. This latter gap exists independently of the skill gap.

At this point we should note the need for a continuous manpower training and development effort to compensate for the gaps between job openings and available workers. New skills must be developed by old and new workers. Some method of assuring that workers develop needed skills for the new occupations is necessary. Further a system must be devised to induce employers to locate in areas of high unemployment, or convenient transportation to distantly located jobs must be created.

Our economy is constantly developing new products and processes that render the skills of portions of our work force obsolete. This development occurs as a result of vast energies, talent and funds devoted to new technological approaches. What is the consequence, if similar resources are not dedicated to the task of developing the talents of the workforce necessary to man the new technological developments.

The result of our neglect of manpower development to date is the manpower paradox. The social and economic problems created by this is the focus of the following chapter which deals with our manpower surplus—the unemployed, underemployed and those who have withdrawn from the labor force because they believed that our economy has no desire or need for their skills.

2

Workers Without Jobs in a Changing Labor Market

Any person in the labor force at some time is touched or comes near to being touched by unemployment. For some, it is only a momentary pause, and for others it becomes an extended and chronic condition.

Such unemployment may have its source in the seasonal or cyclical fluctuations of certain industries such as the construction industry or the fashion clothing industry. Another source may be the result of changing demands by the consumer for certain products; for instance, the decline of coal production is due in part to the substitution of other fuels. Or industry may respond to certain factors and move its physical plant in order to locate cheaper sources of labor and newer and more prosperous markets—a condition exemplified by the movement of the textile industry to the South.

Much of contemporary unemployment, or rather dislocation of manpower skills, is due however to automation and the emergence of new occupations requiring new skills or the upgrading of present skills through training. The job occupations which are replaced or revamped by such changes are held by workers who subsequently discover that their present skills are inadequate. These people either do not wish or are unable to undertake the training that would qualify them for new and better positions.

The effects of automation are more significant when viewed as a general demand for higher levels of educational qualifications or credentials and performance skills throughout the economy, than when viewed as the displacement of workers in specific firms by automation of production. As our economy is becoming more complex, our organizational manpower requirements, for managers, technicians, professionals, more highly trained clerical and production labor, etc. are increasing.

The unemployment statistics for both the Nation and the State do not reflect this tension between the demands of the economy and the occupational skill of the labor force. Unemployment declined 23.7 percent in the State during the 1960–68 period, which resulted in a decrease in the unemployment rolls of 90,000 workers. The State's unemployment rate stood at 3.5 percent which is substantially below what most

TABLE 8: Total Employment, Unemployment and Unemployment Rate by Area

AREA	Total employment 1/			Total unemployment			Unemployment rate 2/		
	Nov. 1968	Oct. 1968	Nov. 1967	Nov. 1968	Oct. 1968	Nov. 1967	Nov. 1968	Oct. 1968	Nov. 1967
	(In thousands)								
New York State	7,890.0	7,875.0	7,800.0	290.0	245.0	305.0	3.5	3.0	3.8
New York Metropolitan Area	5,337.6	5,318.4	5,263.6	175.2	156.2	183.9	3.2	2.9	3.4
New York City	4,098.8	4,081.7	4,061.3	131.0	120.5	138.2	3.1	2.9	3.3
Nassau-Suffolk	812.3	809.1	791.9	33.4	27.6	33.4	3.9	3.3	4.0
Westchester	360.8	362.2	350.0	8.8	6.7	10.5	2.4	1.8	2.9
Rockland	65.7	r65.4	60.4	2.0	1.4	1.8	2.9	2.1	2.9
Albany-Schenectady-Troy	296.6	296.1	293.5	9.2	7.8	9.7	3.0	2.6	3.2
Binghamton	120.4	121.0	120.6	4.9	2.9	4.4	3.9	2.3	3.5
Buffalo	548.3	547.8	544.5	22.6	19.9	22.5	4.0	3.5	4.0
Rochester	381.4	386.6	375.1	7.8	6.1	7.8	2.0	1.6	2.0
Monroe County	327.8	327.8	324.7	5.9	4.6	5.4	1.8	1.4	1.6
Syracuse	255.0	254.9	248.2	9.1	6.5	9.2	3.4	2.5	3.6
Utica-Rome	132.0	133.4	129.9	5.6	4.2	5.8	4.1	3.0	4.3

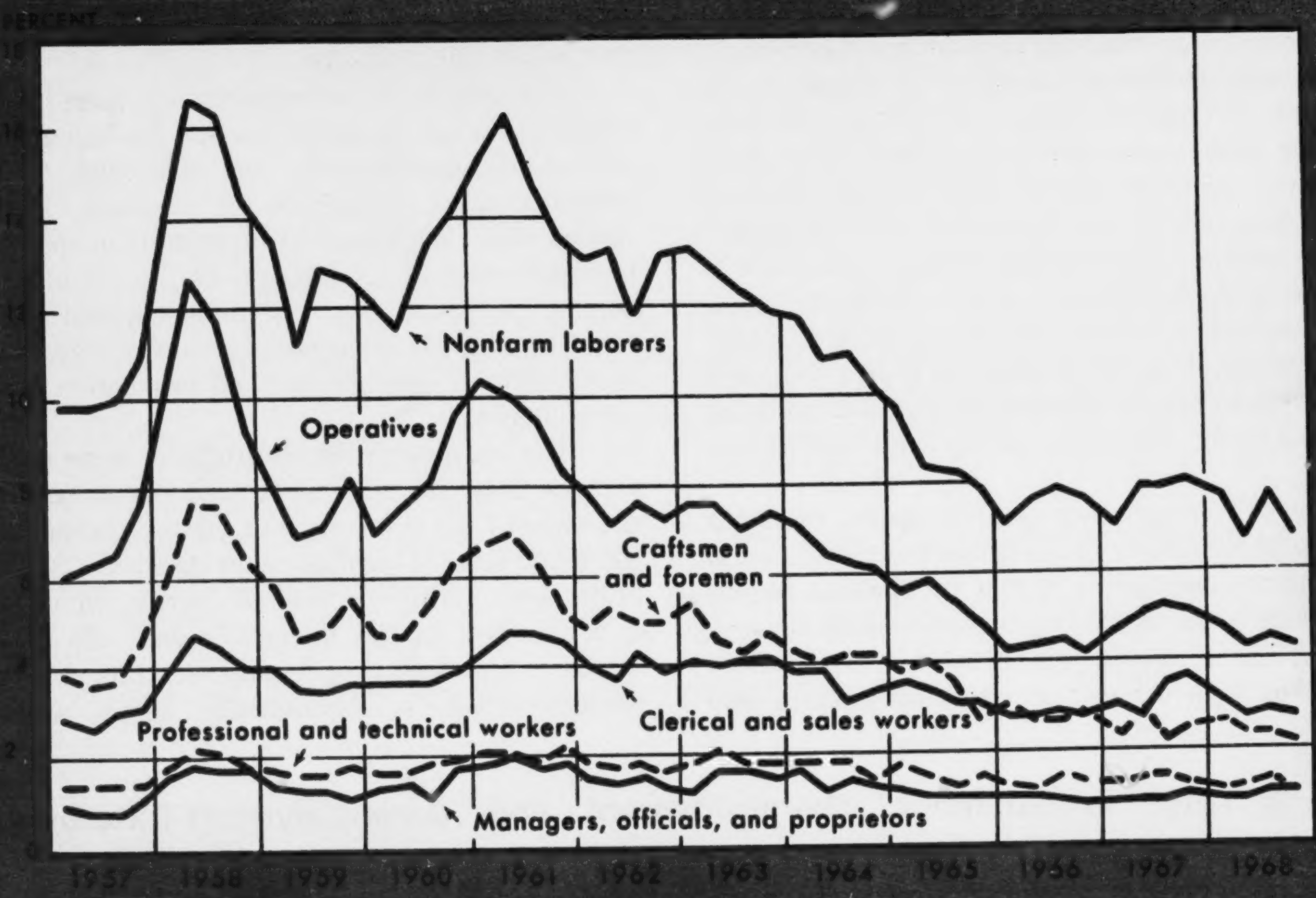
1/ Includes persons involved in labor-management disputes.
2/ Unemployment as per cent of combined total of unemployment and employment.

SOURCE: Employment Review, N.Y.S. Department of Labor, December 1968, p. 3.

CHART 2

Unemployment rates among white-collar and blue-collar workers

SEASONALLY ADJUSTED QUARTERLY AVERAGES



SOURCE: *Employment and Earnings and Monthly Report on the Labor Force*, U.S. Dept. Labor, Jan. 1969, p. 25.

economists call "full employment". In January of 1969, our national unemployment rate was at a 15 year low, 3.3 percent. What the statistics do show is that for the majority of Americans, the past eight years have been years of steady work and the attainment of a high standard of living.

Table 8 indicated the unemployment rate for New York State and its major urban areas. Total employment is now at an all time high in absolute terms, approaching eight million. Unemployment varies between 3.9 percent in Utica-Rome and 1.9 percent in Monroe County, as of April 1969. The variation between these major urban centers reflects the fact that unemployment varies tremendously on a geographic basis even in times of full employment.

That unemployment varies according to occupation and industry is apparent in Chart 2 which compares unemployment rates among occupational groupings of white and blue-collar workers. From Chart 2 one can conclude that unemployment is highest among those less skilled. The nonfarm laborer and operative categories show unemployment rates double and triple those of professional and technical workers and managers, officials and proprietors, occupations requiring substantial education and skill. This trend reflects the changing demands of today's labor market with its shortage of highly skilled workers, as discussed in Chapter One.

Variations in unemployment rates are apparent between groups of individuals on the basis of social characteristics. The variation among women, younger workers and Negroes reflect this diversity. Table 8 is a breakdown of unemployment by age, sex, and color for the United States in the 1961–68 period, a period of unparalleled business prosperity. Overall unemployment declined 1.8 million or 39.7 percent. Unemployment among white male workers was more than halved from its 1961 level of 5.7 percent to its 1968 rate of only 2.6 percent. Other groups also registered substantial gains but women, young workers, and Negroes still have relatively high unemployment rates.

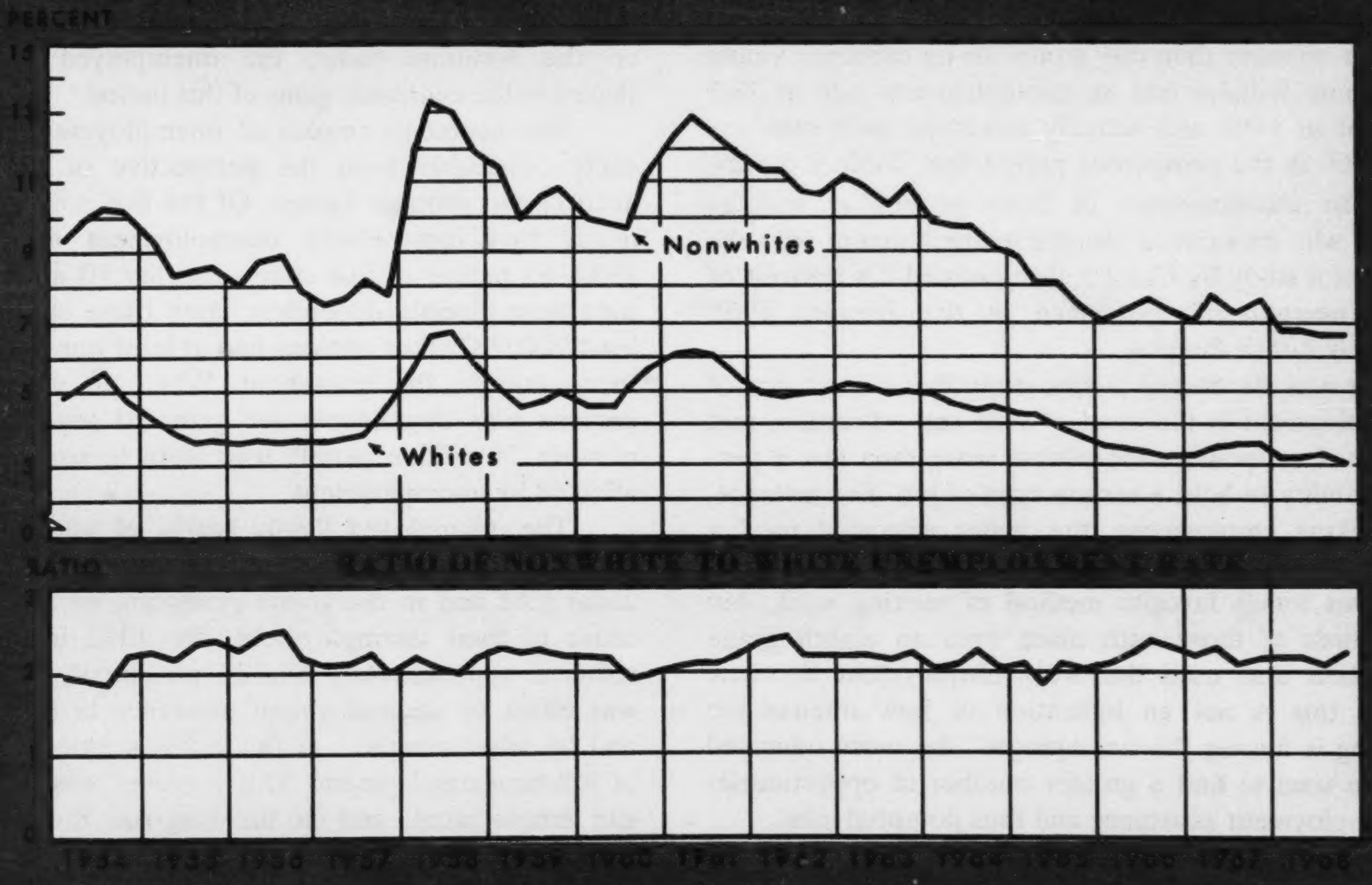
Negro workers as a group have long experienced an unemployment rate that is twice as high as the white rate. Chart 3 shows that while Negro unemployment has decreased from its 1961 peak of 12.4 percent to its present level, 6.8 percent, the ratio of Negro unemployment rates to those of whites has remained relatively constant since 1954. The 1961–68 overall picture of Negro unemployment is favorable however. Table 9 shows that 375,000 fewer non-whites (92 percent Negroes) were unemployed in 1968 than in 1961, a reduction of 45 percent. The reasons for this decrease are the long-term prosperity that our economy has experienced and the many programs directed at improving the Negro's employment prospects. Regardless of these gains however, their employment situation still lags behind the nation as a whole and their specific problems will be dealt with later in this chapter.

While the unemployment rate for all workers has been almost halved since 1961, from a high of 5.7 percent, the teenage rate has declined very little during

CHART 3

Unemployment rates by color

SEASONALLY ADJUSTED QUARTERLY AVERAGES



SOURCE: *Employment and Earnings and Monthly Report on the Labor Force*, U.S. Dept. Labor, Jan. 1969, p. 25.

this period. In 1961, 16.8 percent of our young workers were unemployed. By 1968, the figure had been reduced to 12.6 percent, a reduction of only 25 percent. In an October 1968 New York State Department of Labor Report, *Employment of School Age Youth,* it was discovered that 40 percent of the unemployed youths surveyed had last been employed in low-skilled blue-collar jobs, 20 percent had no previous work experience, and the remaining 40 percent were employed in service or white-collar positions. The 1969 *Manpower Report of the President* estimates that 850,000 of these young persons are presently unemployed. The report also notes that productive employment for these "young people would provide them with needed work experience, end a severe waste of manpower, and remove a source of actual and potential social unrest."

The increasingly larger labor force participation of women has been a significant factor in the uphill climb of family income. Women as a group however, have an unemployment rate that exceeds the male rate by 60 percent. Many of these women are supplementary earners whose unemployment is tolerable and does not significantly reduce their family's standard of living. However, 5.2 million households in 1968 were headed by women and for these people chronic unemployment has many adverse effects.

The effect of the high unemployment that these groups experience is compounded when an individual belongs to more than one group. As an example, young non-white females had an unemployment rate of 28.5 percent in 1968 and actually increased their numbers by 6,000 in the prosperous period that Table 9 covers.

The characteristics of these people, as well as others who experience chronic unemployment, was the focus of a study by Carol Kalish entitled "A Portrait of the Unemployed", published in the January 1966 *Monthly Labor Review.*

It was discovered in this study that a basic fact of unemployment is the level of skill and education, and this level or qualification effects more than just a person's ability to hold a certain type of job. For instance, in seeking employment, the better educated used a wider variety of methods. Checking with friends and relatives was a favorite method of seeking work, but two-thirds of those with more than an eighth grade education also used the State Employment Services. While this is not an indication of how intense job seeking is among the unemployed, the more educated people tend to find a greater number of opportunities for employment assistance and thus potential jobs.

The ability to acquire special training is also hindered by the level of education. Those having only an elementary school education, composing 90 percent of this group in Kalish's study, had not had any additional training. On the other hand, 60 percent of those with high school education had received special training or taken college courses. Furthermore, the specialized training was usually taken by the younger workers while the older workers who had taken advance training a number of years ago now find these skills dated. As the study indicated, limited education and the lack of special training were the major factors in keeping the surveyed group heavily concentrated in the less skilled and lower paying occupations and in industries characterized by less steady employment patterns.

As for the job expectation of those who are unemployed and looking for work, Kalish's study indicated their outlook for new jobs tended to be modest. Half of the workers looked for the same type of occupation as their last job while a fourth were willing to take any kind of work. Only an insignificant amount sought work requiring greater skills than the job previously held. On the average, the workers looked for jobs that would pay $60 per week—an amount barely above the poverty level.

In addition, this study of the unemployed revealed a certain downgrading in both jobs and earnings among those who repeatedly find themselves unemployed. What is significant concerning the type of job sought is that during a period when white collar jobs as a whole and professional jobs in particular were increasing, these workers reported no increase in their share of these jobs. And thus, to a greater extent on the National scene, the unemployed have not shared in the economic gains of this period.

The economic impact of unemployment is especially noticeable from the perspective of the family head as the primary earner. Of the five million family heads that experienced unemployment during the 1962–63 period of this study, roughly 10 million persons were directly dependent upon these earnings. At least 200,000 other persons had at least one dependent living outside the household. When all unemployed persons plus dependents are gathered together, they number 26 million people who were in some manner affected by unemployment.

The unemployed family heads, of whom 85 percent were married men, were concentrated in the blue-collar jobs and in the goods producing industries. Because of their unemployment, the 1962 income was reduced approximately $1,400 per family. This loss was offset by unemployment insurance in many cases and by other members of the family seeking part-time of full-time employment. This however was only stopgap employment, and in the long-run the economic condition of the family remained marginal.

The real problem occurs with the female family heads who numbered 500,000 and were supporting 850,000 dependents during the period selected for study. Unfortunately, the female family head averaged

TABLE 9: Employment and Unemployment Developments Among Whites and Non-Whites 1961 and 1968 (in thousands)

Age, sex, and color	EMPLOYMENT				UNEMPLOYMENT				UNEMPLOYMENT RATE		
	Number		Change, 1961–68		Number		Change, 1961–68		Percent		Percent change, 1961–68
	1961	1968[1]	Number	Percent	1961	1968[1]	Number	Percent	1961	1968[1]	
Both Sexes											
Total, 16 years and over	65,746	75,757	10,011	15.2	4,714	2,842	−1,872	−39.7	6.7	3.6	−46
White	58,912	67,600	8,688	14.7	3,742	2,247	−1,495	−40.0	6.0	3.2	−47
Nonwhite	6,832	8,157	1,325	19.4	970	595	−375	−38.7	12.4	6.8	−45
16 to 19 years	4,106	5,793	1,687	41.1	827	835	+8	+1.0	16.8	12.6	−25
White	3,692	5,206	1,514	41.0	669	640	−29	−4.3	15.3	10.9	−29
Nonwhite	414	587	173	41.8	158	195	+37	+23.4	27.6	24.9	−10
20 years and over	61,639	69,964	8,325	13.5	3,885	2,009	−1,877	−48.3	5.9	2.8	−53
White	55,220	62,393	7,173	13.0	3,073	1,608	−1,466	−47.7	5.3	2.5	−53
Nonwhite	6,419	7,571	1,152	17.9	812	401	−411	−50.6	11.2	5.0	−55
Men											
Total, 16 years and over	43,656	48,044	4,388	10.1	2,997	1,437	−1,560	−52.1	6.4	2.9	−55
White	39,588	43,347	3,759	9.5	2,398	1,156	−1,242	−51.8	5.7	2.6	−54
Nonwhite	4,067	4,697	630	15.5	599	281	−318	−53.1	12.8	5.6	−56
16 to 19 years	2,313	3,243	930	40.2	478	422	−56	−11.7	17.1	11.5	−33
White	2,055	2,899	844	41.1	384	323	−61	−15.9	15.7	10.0	−36
Nonwhite	258	344	86	33.3	94	99	+5	+5.3	26.7	22.3	−16
20 years and over	41,342	44,801	3,459	8.4	2,519	1,015	−1,504	−59.7	5.7	2.2	−61
White	37,533	40,448	2,915	7.8	2,014	833	−1,181	−58.6	5.1	2.0	−61
Nonwhite	3,809	4,353	544	14.3	505	182	−323	−64.0	11.7	4.0	−66
Women											
Total, 16 years and over	22,090	27,714	5,624	25.5	1,717	1,407	−310	−18.1	7.2	4.8	−33
White	19,324	24,253	4,929	25.5	1,344	1,091	−253	−18.8	6.5	4.3	−34
Nonwhite	2,765	3,461	696	25.2	371	316	−55	−14.8	11.8	8.4	−29
16 to 19 years	1,793	2,551	758	42.3	349	413	+64	+18.3	16.3	13.9	−15
White	1,637	2,308	671	41.0	285	316	+31	+10.9	14.8	12.0	−19
Nonwhite	156	243	87	55.8	64	97	+33	+51.6	29.1	28.5	−2
20 years and over	20,297	25,163	4,866	24.0	1,367	994	−373	−27.3	6.7	3.8	−43
White	17,687	21,945	4,258	24.1	1,060	775	−285	−26.9	5.7	3.4	−40
Nonwhite	2,610	3,218	608	23.3	307	219	−88	−28.7	10.5	6.4	−39

[1] Estimated.

NOTE: Detail may not add to totals due to rounding.

SOURCE: **MANPOWER REPORT OF THE PRESIDENT**, U. S. Dept. of Labor, January 1969, p. 44.

a year of unemployment compared to seven months for the male family head. While the female family head's attachment to the labor force is very strong, her economic position is much more precarious. The work she attracts in the first place is not of a long enough duration to provide unemployment insurance, and if she can qualify for these benefits she also tends to exhaust them much more quickly.

As the above discussion indicates, unemployment affects individuals and groups in a variety of ways. In those instances when unemployment and underemployment are chronic or persistent, characteristics of individuals, social groups, and confined areas, such as urban and rural poverty pockets, the economic and social consequences become urgent problems to which manpower policy must find immediate, lasting solutions. Hard-core unemployment, the special employment problems of the Negro and the concentration of unemployment and its related conditions in poverty pockets, are emphasized below because of their importance to manpower policies.

"HARD-CORE" UNEMPLOYMENT: A Social Problem of Increasing Proportions

Hard-core unemployment is an economic condition which continues regardless of the economic prosperity that may prevail throughout American society. Though aggregate demand in the economy may be great enough to bring substantial numbers of hard-core unemployed people into the labor force, their level and duration of employment is relatively low. These people hold jobs deserted by others drawn to more lucrative or technically advanced positions; this seems to occur particularly as the labor market tightens. Such residual jobs and occupations have little status and small remuneration. If the economic expansion slows down or declines these jobholders become unnecessary and expendable. The continuing result is unemployment or under-employment for these people on the bottom of the occupational ladder.

The condition of the hard-core unemployed can best by capsulized as not being self-supportive. That is, because of the lack of adequate skills, they can have no economic mobility or occupational versatility. Of course, the people who are termed "hard-core" unemployed demonstrate other social and economic features besides unemployment.

Such jobless people and their dependents tend to be located in the urban-poverty areas. Many are nonwhite and tend to be young adults. Their life experience includes inferior education, inadequate skills, police and garnishment records, discrimination in work and housing, fatherless children, broken homes, dope addiction and ultimate helplessness.

But without the job, regardless of whether the individual and his family are discriminated against in housing, education, or social activities, the man has no economic leverage. If he can compete favorably with other men in industry for jobs because he does have adequate training and skills, then he has become self-supportive. He has the mettle to hold his family together, to be a leader in the community, and eventually bring down the other social ills that beset him and his family. But as it now stands, if these people find work at all, it tends to be menial and unskilled. The pay is low, with little advancement and therefore, no incentive. Their children are raised with the same social and economic troubles as their parents and in turn bear children who will be raised with the identical perspectives. The cost to themselves and society is great; their contribution minimal.

A description of the hard-core unemployed can begin with the lack of effective education during childhood and adolescence. Either proper education was not available or it had no impact. A job or occupation requires certain standards of ability which education or training has supposedly developed. Adequate employment is closed to persons without adequate skills. Many factors can contribute to the failing of effective education, such as broken homes, improper health, segregation, poor schools, etc., but the fact remains that for many the formal institutional educational structure has failed. Rehabilitative education and training must correct this problem. Success in this area is reflected in the Army's rehabilitative program for a multitude of would-be rejectees on the basis of physical or educational deficencies.

The hard-core unemployed individual, although often poorly educated, is not necessarily stupid or unable to learn or lazy as suggested by popular myth. He may desire a steady income, stable family life, comfortable life style, and good education for his children as do other Americans. He may not enjoy the welfare dependency or illicit income he often needs for survival.

But, the basic fact is, that the hard-core unemployed individual cannot qualify for middle class life: he does not possess the education, training or skill necessary to obtain the rewards our society extends to the productive individual.

While any period of unemployment for a families' primary breadwinner causes economic hardships and social tensions in some degree, the hard-core unemployed experience continuing long periods of joblessness, a condition that greatly contributes to the "cycle" or "pathology" of poverty. Although comprising less than 50 percent of the nation's hard-core individuals, the urban slum is the area where this depressing condition is most heavily concentrated. Its manifestation upon these areas and the predominately Negro residents is discussed below.

The Employment Situation in Poverty Areas

When usual statistical definitions of employment, which produced a national rate of 3.3 percent for January 1969, are applied to U.S. urban slum areas, the resulting figure is approximately three times the national average, or 10 percent. Concerned persons associated with these areas have long realized that no where near 90 percent of the potential working force are gainfully employed at any one time. In order to determine what the true employment situation was in these areas, a very intensive survey was conducted in 1966 by the U.S. Department of Labor. The results confirmed suspicions that conventional methods of measuring economic inactivity did not fully apply to these areas.

In order to reflect a real picture of the economic condition of poverty areas, a new concept was developed and entitled "sub-employment". Individuals labeled subemployed include:

1. People classed as unemployed since they were jobless and looking for work during the survey week;
2. Those working part-time though they wanted full-time work;
3. Heads of households under 65 years of age earning less than $56/wk. on a full-time job (equals $1.40/hr. for 40 hrs.);
4. Half the number of "non-participants" among men 20-64 years (Assuming that the other half are not potential workers due to a variety of problems); and
5. As estimate of the male "undercount" group noted in the 1960 census (assuming that numbers of males should equal females in these areas, which they do not.)

SOURCE: U.S. Dept. of Labor: Nov. 1966, Poverty-Areas survey.

Table 10 is a comparison of unemployment rates of metropolitan areas with the rates discovered by using the "sub-employment" index in slum areas. The unemployment rates for the slum areas were between 2 and 3 times greater than those rates for the metropol-

Table 10: Unemployment Rates for Slum Areas and for Metropolitan Areas as a Whole (National Average for Jan. 1967 3.7%)

METROPOLITAN AREA AND SLUM AREA	Metro. Area Aug. '66	Slum Area Nov. '66	Sub-Employment Rate Nov. '66
Boston—Roxbury	3.7%	6.9%	24%
New Orleans—Several Contiguous Areas	INA	10.0	45
New York—Harlem		8.1	29
East Harlem	4.6	9.2	33
Bedford-Stuyvesant		6.2	28
Philadelphia—North Philadelphia	4.3	11.0	34
Phoenix—Salt River Bed Area	INA	13.2	42
St. Louis—North Side	4.5	12.9	39
San Antonio—East and West Side	INA	8.1	47
San Francisco—Mission, Fillmore	5.2	11.1	25

SOURCE: Poverty Areas Survey, U.S. Dept. of Labor, 1966, p. 13.

itan areas as a whole. However, when the sub-employment index was applied to these same slum areas, the results were approximately eight times greater than the unemployment rates for the metropolitan area.

The results of the sub-employment survey were enlightening in explaining the economic depression of these areas. The sub-employment rate for the ten survey areas taken as a whole was 33.9 percent. This means that one out of every three residents in the slums had a serious employment problem. Upon examination, it became clear that personal circumstances of the individuals was the most immediate problem in a majority of these employment problem situations.

Inadequate and inferior education and training were obviously the deep, underlying elements affecting most of these people. A third of the unemployed adults had never been to high school; two thirds had less than a high school education. Most studies of those slum children in school show that they test out considerably below their counterparts elsewhere, an indication that unless the quality of education in the slums is drastically upgraded, even high school graduates will be unable to evade chronic unemployment. Four high schools serving one slum area had dropout rates ranging from 36 percent to 45 percent. Most of thöse who are employed are in jobs that give them little or no training for anything else. A more recent survey, conducted by the Bureau of Social Science Research, disclosed that 46 percent of the men interviewed had none of the commonly accepted employment aids (car, driver's license, tools, etc.).

Other factors add to the difficulty that these individuals have in securing permanent employment. A substantial amount of racial discrimination against Negroes was discovered but there were even more reports of age discrimination practiced against people of all races. Employers simply do not want to hire those over 45 unless they are highly skilled. Too often, residents of these areas do not know how to go about looking for a job. They depend upon word of mouth rather than newspapers, radios, or distantly located employment agencies. In many instances, available jobs and slum residents simply do not know of the other's existence.

The economic condition of the poverty-slum area resident is simply not that of a certain number of people being unemployed or not participating in the labor force, while the remainder of the community enjoys an adequate or substantial standard of living. As Table 10A indicates besides the actual non-working people, a great proportion of the "sub-employed" are made up of part-time workers and full-time workers who receive sub-minimum earnings. From the condition of such economically marginal workers—on whom many additional persons are dependent—it can be easily concluded that the poverty-area community cannot help but be economically depressed. With rampant economic depression and the ability of many people to adequately support themselves and their families, the social frustration and hopelessness of the slum area can be understood.

The statistical summary presented below from the U.S. Department of Labor's poverty area survey presents the overall view of these economically depressed areas.

TABLE 10A: General Statistics Highlighting Poverty-Areas of the Nation

1) 6.9 percent of the employed are part-time workers (compared to a national rate of 2.3%);
2) 21.0 percent of the full-time workers earn less than $60/wk. or $3000/yr. (compared to a national rate of 15.4%);
3) 37 percent of the slum area families have an annual income under $3000 (compared to 25% nationally);
4) the median income is $3800 for these families (compared to a national figure of $6300);
5) 47 percent of the families surveyed reported income from unemployment insurance (5.1%); welfare or ADC (18.1%), or non-employment sources (24.6%);
6) 11 percent of the 20–64 year old men should or could be working (these men are classified as the "non-participants"); and
7) 20–33 percent of the adult males in these areas were not located in the survey.

SOURCE: U.S. Department of Labor: November 1966, Poverty-Area Survey.

The general impression such an overview presents is one of instability. In an area where one-fifth to one-third have no legitimate occupational location and almost half the families are not supported by income derived from employment, there can be no economic viability. The summer 1967 civil disorders which raged in 150 cities and which occurred according to the National Advisory Commission on Civil Disorders in an overwhelming majority of cases in these urban poverty areas is ample evidence that social instability exists simultaneously with this lack of economic viability in the urban poverty community.

The ghetto-poverty community gets by; it continues to exist. The residents of such communities make a living by whatever means are available. While it is easy to call such behavior anti-social and not in keeping with established social norms, the fact is these people have adapted to a situation as best they can. Unfortunately, the behavior which the non-poverty community observes from afar is composed of such elements as social and personal frustration, welfare dependency, crime involving petty thievery, hustling, narcotic pushing and use, prostitution and other illegal activities. However, the rewards of these "jobs" tend to be more lucrative than the unskilled jobs available to those people. Why should such people accept minimum wage employment when other activity can triple this amount or, as in the case of welfare, at least prove to be equivalent.

It is undeniable that more lucrative, legitimate employment opportunity is available, but because of the skill gap, we find existing job vacancies, at other than lower skill jobs. A comparison of ghetto unemployment in New York City with estimated job openings throughout the city presented in Table 10 emphasizes this fact. While one-fifth of the ghetto unemployed were laborers, less than one-thirteenth of the vacancies could be filled with workers in this skill category. In contrast, over two-fifths of the openings will be in white collar occupations, for which less than one-seventh of the ghetto unemployed could qualify. The white collar openings were expected to rise, accounting for 65.7 percent of job openings in the decade 1966–1975, while the openings for laborers over this period was expected to be less than one percent, according to the New York State Labor Department statistics, presented in *Poverty and Economic Development in New York City,* a publication of the First National City Bank in 1968. This pattern indicates a steadily worsening imbalance in the job requirements of the city and the skills of its unemployed ghetto workforce.

The urban poverty community family income levels reflect the depressed employment situation. The First National Bank study indicated the median family income in these New York City urban poverty pockets was substantially less than the national average, and in the interval between the 1960 census and the 1966 poverty area survey, median family income actually declined in two of the three areas studied, as shown in Table 11.

The employment situation of these urban poverty pockets is inextricably bound to the employment problems of their minority group residents. Succeeding sections will attempt to explore the minority workers' economic handicap in order to further illuminate the nature and extent of unemployment in the urban slum.

TABLE 11: Median Family Income in New York City

	1966 Survey	1960 Census
United States	$6,300	$5,660
Bedford-Stuyvesant	4,736	4,640
Central Harlem	3,907	4,070
East Harlem	3,641	3,735

SOURCE: U.S. Bureau of Labor Statistics, and U.S. Bureau of the Census, *Poverty and Economic Development in New York City,* First National Bank, 1968, p. 23.

NEGRO AND PUERTO RICAN EMPLOYMENT DIFFICULTIES: A Priority State Manpower Target

In the discussion of unemployment earlier, this report noted that non-white unemployment rates have declined considerably since 1961, but have averaged twice the white unemployment rate since 1954. Recently released (March 6, 1969) Bureau of Labor Statistics figures for 1968 show an average annual non-white unemployment rate of 6.4 percent in the nations' twenty largest S.M.S.A.'s with little variation between central city (6.3%) and suburban (6.5%) non-white unemployment rates. White rates were 3.0% for these S.M.S.A.'s, 3.4 percent in the central cities and 2.7 percent in their suburbs.

Certain groups among non-whites experience an even worse relative position with respect to unemployment. For example, as Table 8 above indicates, while unemployment among whites 16–19 years of age has declined 4.3 percent since 1961, unemployment among non-whites of similar age has increased 23.4 percent in absolute numbers. The rates for both groups have declined since 1961, however, the non-white rate declined only 10 percent to an unemployment rate of 24.9 percent, while the white rate declined 29 percent, to a rate of 10.9 percent.

Table 8 also indicates that in spite of a lack of relative gain in employment, there has been a considerable gain in employment for non-whites. Some 1,325,000 more non-whites were employed in 1968 than in 1961, and as has already been stated, this was accompanied by a 375,000 reduction in non-white unemployment.

This improvement in the number of jobs held by non-whites was the obvious source of the evaluation of the Negro employment presented in the *1969 Manpower Report of the President* which opened discussion of this subject with the following sentence:

> *Though inequities in the employment situation among Negroes continue to represent a critical national and local problem, the job progress made by many Negroes has been one of the most heartening developments of the past eight years.*

Several of the favorable developments in the 1962–1967 Report which caused the U.S. Department of Labor to take heart are:

—a decline of about 50% in long term (15 weeks or more) non-white unemployment

—an increase of 1.1 million in the number of Negroes on full-time schedules (35 hrs/wks)

—a tripling in the rate of increase in job holding in higher pay and status occupations. Rapid growth, over twice that of whites occurred in the fields of education, public administration and durable goods manufacturing, while reductions occurred in Negro employment in agriculture and private household work, of lower pay and status.

A Bureau of Labor Statistics survey of occupational gains of non-white workers by Claire C. Hodge, published as an article in the January 1969 *Monthly Labor Review* was careful to point out however, that despite these gains,

> *The Negro today holds a disproportionate share of jobs at the lower end of the occupational ladder and is under represented in the higher skilled, better paying jobs. . . Major factors contributing to these gains included an exceptional increase in the total number of job opportunities provided by rapid economic expansion of most of the decade, new and expanded programs for retaining the existing workforce and for training the prospective new entrants to the labor force . . . higher levels of educational attainment, and the decline in discriminatory hiring . . . increases in Negro labor force and that in 1962 unemployment among Negroes was very high.*

On balance then, there have been substantial gains for the Negro, but little overall relative improvement, except perhaps in certain occupations in which Negroes have moved toward increased pay, status and security. Chart 4 from the Hodge's study shows a gross measure of such betterment the percentage of non-white workers compared to all workers in selected occupations. Chart 4 should be viewed against the theoretical goal of 10.8 percent that equals the Negro proportion of the employed working force. While the gains are significant, the over-representation of Negroes in the less skilled operative category compared with the extreme underrepresentation in retail sales, a highly visible occupation, suggests the role of educational deprivation and discrimination in Negro employment experience.

A direct white—non-white comparison of the percentage of workers of each category in specific occupations is perhaps more revealing. Table 12 taken from the Hodge Study presents such a comparison.

TABLE 12: Employed Persons by Occupation and Color, 1967, Annual Average (in percentage)

Occupation Group	**Color**	
	White	**Non-White**
Professional, Technical, Kindred	14.0	7.4
Managers, Officials & Proprietors	11.0	2.6
Clerical	17.2	11.2
Sales	6.6	1.7
Craftsmen and Foreman	13.9	7.7
Operatives & Kindred	18.1	23.5
Non-Farm Laborers	4.0	11.2
Service Workers	10.5	29.4
Farm Workers	4.7	5.3
Farmers & Farm Managers	2.8	1.3
Farm Laborers & Foremen	1.9	4.0

SOURCE: Bureau of Labor Statistics, *Monthly Labor Review*, January 1969, p. 26.

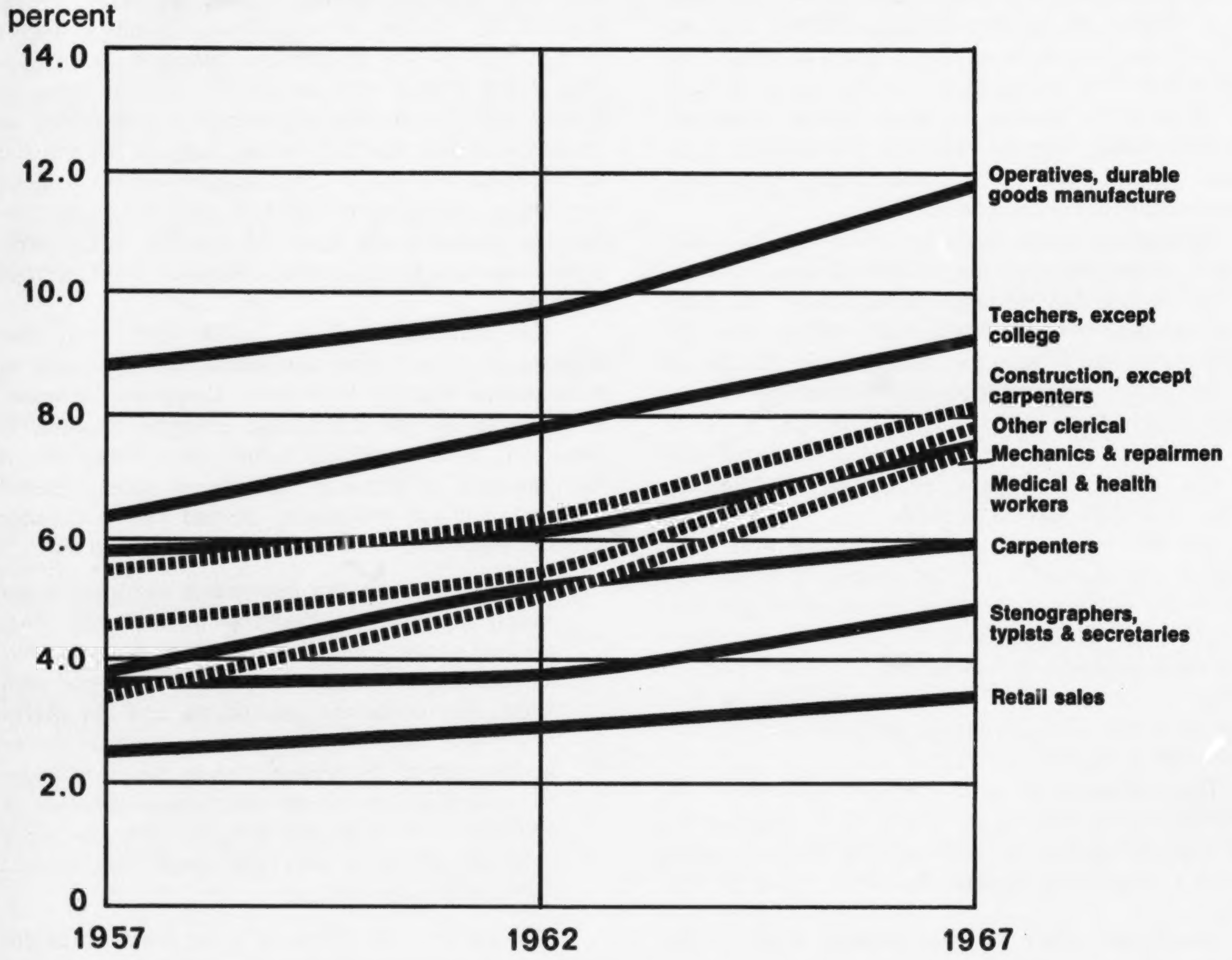
An over-representation of non-whites becomes acutely apparent in less skilled occupations. The ratio of non-whites to whites is almost 3 to 1 in service occupations and over 2 to 1 in non-farm laborer occupations. Within the farm workers, a microcosm of the non-white employment situation emerges, with non-whites represented in labor and foreman positions, in a 2 to 1 ratio and in farm manager positions in a 1 to 2 ratio.

Non-white earnings is perhaps the ultimate measure of the Negroes competitive position in the labor market. A Bureau of the Census population report entitled *Trends in Social and Economic Conditions in Metropolitan Areas* presents data indicating a substantially inferior earnings position for Negro families and individuals. The median family income nationwide for Negroes in 1967 was $5,623 or 68 percent of white family income of $8,294, a rise of 7 percent since 1959. In the North East however, Negro family income as a percent of white actually declined slightly during this period. Negro families headed by males however, nationwide had a more favorable ratio, reaching $6,778 at 78 percent of the white level of $8,741. Negro families headed by women achieved substantially less income, $5,234 or 62 percent of white families headed by women.

A more graphic illustration is the fact that Negro families required two earners to equal the income of white families with one earner. While the number of white families below the poverty line declined in the period 1957–1967, there was no measurable change in the number of non-white families in this category. And Negro families who were below this level line were more

CHART 4

Nonwhite workers as a percent of all workers in selected occupations



deeply so than were whites. The average poor Negro family had an income that was $1,100 below the poverty line, while the average white family experienced a deficit of only $700. During the past decade, this deficit was reduced for both Negro and white families, but at a much lower rate for Negroes.

The potential for a long range improvement in the Negroes economic situation was the subject of a booklet, *Education, Employment and Negro Equality,* just published by the U.S. Department of Labor, by Dr. Otto Eckstein, of Harvard University. Dr. Eckstein states:

> *Recent upgrading has produced a great gain in the kinds of jobs held by Negroes. But he cautioned that this could be a "one-shot gain"* . . .
>
> *Once you have eliminated the gap, once Negroes have moved into the jobs which more or less correspond to their educational background or skill; there is no further source for a second gap of this kind to maintain the rate of progress.*

Dr. Eckstein points out that by 1985 Negroes will have 10% of all professional and technical jobs; 8.4% of all clerical jobs; 6.0% of all sales jobs and 8.8% of all skilled craftsmen jobs. Nevertheless, he points out, Negroes will still be 24.0% of all laborers; 38.4% of all private household workers; 24.6% of all farm laborers and only 3.8% of all managers and proprietors. If full economic equality were obtainable, however, Dr. Eckstein projects Negroes as comprising 410,000 sales people, compared to a target of 830,000; 1.20 million craftsmen, compared to a target of 1.63 million; 1.51 million clerical workers, compared to a target of 2.16 million.

There are many sources of the Negro employment disadvantage, including such personal characteristics as educational and health deficiencies, poor location in relation to employment opportunities, and the effects of discrimination on the Negroes suitability for employment. The salient factor would appear to be a lack of skills in relation to labor market demands. Non-white unemployment rates are substantially higher than white for all levels of educational background in most occupational categories.

Educational achievement for whites is higher than for non-whites, although the relative distance between the two groups has declined considerably. The non-whites dropout rate is substantially higher than for whites above age fifteen. For example, the Bureau of the Census reported a nation-wide percentage of non-whites (age 18–19 years) enrolled in school of 39 percent against 48 percent for whites, and among persons age 20–24, a non-white percentage of 14 against a white total of 21 percent in 1966.

The percentage of non-whites 25–29 who completed 4 or more years of high school by 1966 was only 53 percent against a white figure of 73 percent. The difference was even more marked when considering persons completing four or more years of college. Among persons age 25–34 years, only 3.8% of Negroes possessed a college degree compared to 13.7 percent of whites in 1965.

The median level of educational attainment for non-whites nationwide in 1966 was 12.1 compared to 12.5 years for whites. In 1960 the gap was two years of school experience against the 1966 figure of 0.4 years.

Non-white scores on standardized achievement tests (as Table 13 indicates) however, were substantially lower than white scores.

TABLE 13: Achievement on National Standardized Tests of Reading and Other School Subjects, Fall 1965

	TEST LEVEL GRADE	
Grade in school:	Negro	White
Sixth	4.4	6.8
Ninth	7.0	9.9
Twelfth	9.2	12.7

SOURCE: U.S. Department of Health, Education and Welfare, Office of Education. Computed from basic data prepared for the *Fall 1965 Survey of Equality of Educational Opportunity*, by James S. Coleman.

Health also figures largely as a source of Negro disadvantage in the labor market. Recent gains in health care have however, as in education, considerably narrowed the gap between whites and non-whites.

Visits for medical and dental care are, for example, less frequent among non-whites than among whites. The percent of non-whites visiting a doctor during 1963–64 was 56 percent compared to 64 percent among whites with an income bracket between $2,000 and $3,999. The percentage of non-whites in the same income bracket visiting a dentist during the same period, was 20 percent compared to 31 percent for whites, according to the U.S. Public Health Service. In obtaining this care, 35 percent of the non-whites went to a hospital clinic compared to 17 percent of whites.

The significance of the health factor was emphasized by several witnesses before the Committee at its Rochester hearing. Roy Jones, Director of Industrial Relations for the Electronics Division of General Dynamics, while testifying before the Committee on the high rate of physical rejection of disadvantaged applicants for job placement, quoted Dr. Alexander Strasser, medical director of his division, as follows:

> *It is evident that preventive medicine is not widely practiced in Rochester's inner city. Furthermore, many of those residing there do not take medicine as directed. As soon as the pain stops, they cease the medication, and are therefore prone to recurrent infection. Another factor is that most of the residents go to clinics or hospital emergency rooms for their acute ailments or afflictions. On each visit they are likely to see a different physician with the result that patient followup is made difficult.*

The employment effects of lower levels of health care for non-whites involve physical incapacity for some occupations, more frequent illness while on the job or attending classes, and a higher incidence of chronic illness and prolonged bedridden periods, than for whites. Health problems affect the lifetime performance of the non-white, both in early school days and during adult years. Nutrition has of late, been a factor widely discussed in terms of its effect on non-white health. Diet deficiencies may however, originate in economic disadvantage and ignorance resulting from inadequate education.

Of all sources of disadvantage for the non-white in today's labor market, discrimination is the most widely discussed and yet the most difficult factor to evaluate. Prejudicial discrimination on a conscious or unconscious basis undeniably confronts the non-white seeking employment. As a phenomenon, it has persisted historically at all levels of economic activity.

Charles C. Killingsworth, in a policy paper prepared for the Institute of Labor and Industrial Relations, Wayne State University, and National Manpower Policy Task Force in May 1967, entitled *Jobs and Income for Negroes,* concludes his discussion of discrimination with an observation that reflects the complexity of evaluating this factor. Killingsworth states:

> *There is no way, of course, to calculate a quantitative measure of the present importance of racial discrimination in Negro disadvantage compared with other factors. Most observers would probably agree, however, that this country has made significant progress in recent years in reducing most forms of overt discrimination. There is undoubtedly less discrimination today than there was a quarter-century ago or even a dozen years ago. Yet the economic progress of Negroes was greatest, by most measures, from 1940 to 1953. Since then, relative unemployment of Negroes has risen, occupational upgrading has slowed, and the narrowing of the relative Negro-white income gap has slowed or stopped. These changes in the rate of Negro progress cannot be correlated with changes in the relative intensity of discrimination. Furthermore, differences in the impact of discrimination do not appear to explain why the incidence of unemployment is greatest among younger Negroes, better-educated Negroes, and Northern Negroes.*

Killingsworth emphasizes other factors as being more meaningful in explaining unemployment among Negroes than discrimination. He suggests locational factors, the northern Negroe's urban core concentration in the face of departing blue-collar job opportunities and increasing white collar competition for low skilled jobs, due to the exodus from agricultural areas as being significant. Further, he notes the influence of the skill gap created by increasing demand for highly trained workers, in contributing to a relatively disadvantageous position.

In discussing the higher rates of unemployment for the more well-educated Negro, he cites however, the influence of "a kind of class discrimination which appears to be at work in the white-collar sector." While the better educated Negro is unfavorably inclined toward menial employment, they tend to come from blue-collar families. The "modes of behavior, dress, deportment and speech" obtained through this environment place him at a disadvantage compared to the better educated whites who obtained social characteristics more closely aligned to the hiring requirements of a white middle class society, through the family.

This relative disadvantage for the better educated Negro is a crucial problem because it is a fact which tends to suggest that educational inequity is less significant than discrimination. Killingsworth states:

> *No doubt racial discrimination plays some part in this inequality of results, but its effect must be more indirect than is generally recognized. It is difficult to see why direct racial discrimination should be less at the lower levels of educational attainment than at the higher levels. It seems more probable that segregated housing for Negroes, which is responsible for de facto segregation in education, and possibly the race and class prejudices of teachers contribute to the failure of Negroes' schools to develop their potentials as effectively as do the schools of the whites. Whatever the causes of this inequality of results, the pattern of Negro unemployment rates by number of years of school completed should teach us that it is now less important to urge Negroes to put in more years in today's schools than it is to find ways to make the schools far more effective than they have been in providing true equality of educational opportunity for Negroes.*

The major effect of such social patterns as segregation, prejudice, and depriving Negro areas of necessary school funds, is isolating the Negro community from white society and its work ethic. The Negro achievement on job entrance tests and in personal interviews depends on this limited opportunity to absorb white cultural patterns.

The latent effects of discrimination and deprivation in obtaining employment skills are a problem apart from overt discrimination by employers or labor unions. Several decades of equal opportunity employment efforts have abolished the "only whites need apply" problem, and sharply check overt discrimination. Yet, in certain instances civil rights advocates point out continued discrimination ie. apprenticeship programs, particularly in the building trades. In terms of additional job opportunities however, reduction of overt discrimination would probably have little effect on total Negro job opportunities.

The validity of the qualifications for jobs is another question, to be discussed separately below, as it pertains to all disadvantaged and not simply Negroes. There is one aspect of Negro employment related to Negro inability to achieve job qualifications which is created by the Negroes high visibility. This problem is the effect on motivation of Negro youth of an absence of Negroes in white collar occupations. Unless "role models" are available, to show the young Negro job seeker that Negroes are welcome in a given job, a barrier is raised to equal opportunities. The Negro must see Negroes at work in status occupations to pro-

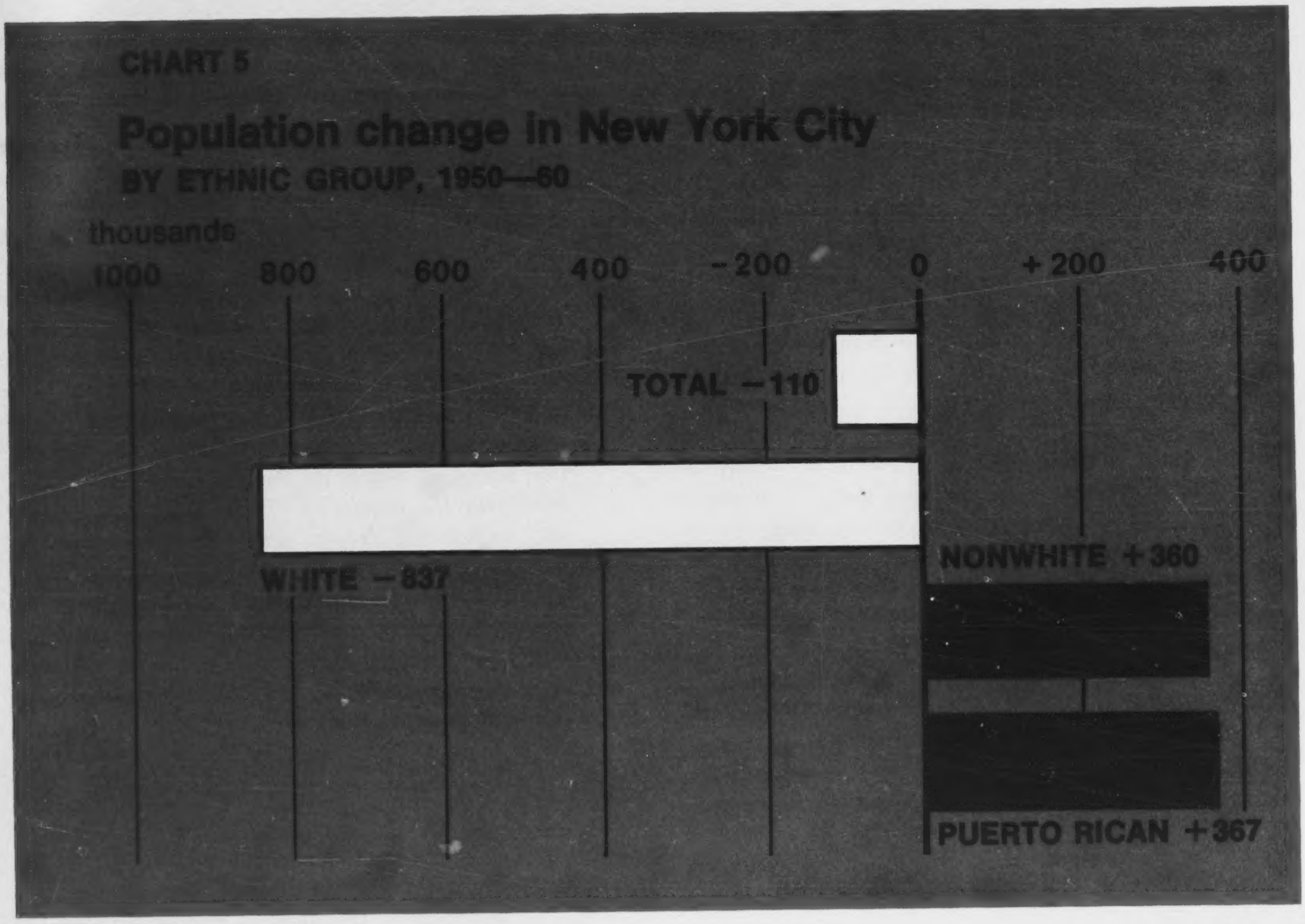


CHART 5

Population change in New York City

BY ETHNIC GROUP, 1950—60

vide positive assurance that the end result of skill training, be it education or apprenticeship periods, is worth the efforts.

The Puerto Rican worker also finds many of the same barriers raised before him as the Negro. The next section treats the difficulties of the Puerto Rican in seeking employment. The Puerto Rican employment problem is one of particular magnitude in New York State due to the high density of this group within the New York City area.

Labor Force Experience of Puerto Ricans

Puerto Rican employment data reflect a similar incidence of economic disadvantage. For the country as a whole, the Puerto Rican population is very small, approximately one-half of one percent. Their low relative importance in the U.S. totals is in complete contrast with their very substantial proportion of New York City's population. Almost 70 percent of all Puerto Ricans living in the U.S. are clustered into New York City. Chart 5 shows that in terms of rate of growth for the decade of 1950–60, Puerto Ricans far outstripped both of the other categories. While the white population was declining 12 percent and the non-whites were registering a 48 percent increase, the Puerto Rican population jumped by 149 percent. Numerically Puerto Ricans also registered the largest gain, 367,000, and the 1965 Population Health Survey revealed that since 1960, their numbers increased by an additional 216,000

Most Puerto Ricans came to the U.S. because they hoped to obtain a better life than that which was available for them in Puerto Rico. As a group they tend to be very young, come from families that are significantly larger than those of other groups, possess little or no skill and tend to settle in New York City. All of these tendencies work against the aspirations that these people had when they left Puerto Rico.

As seen earlier, of all groups in the U.S., young workers experience the highest incidence of unemployment. Almost half of all Puerto Rican migrants are between 15 and 24 years of age at the time of their arrival into this country. More than half of them (53%) reported no previous work experience and another 22 percent had worked on farms or in semi-skilled positions. The experience that these types of jobs produce is of almost no value in the highly sophisticated New York labor market. Only about 10 percent of the migrants have any experience in professional or clerical positions—the positions that comprise the great majority of New York City job openings.

Educational deficiencies also add to the Puerto Rican's problems. In 1960 less than one percent of Puerto Ricans had a college diploma. Furthermore, the Puerto Rican Community Conference reported in 1966 that:

> *There has been no marked improvement in recent years in the educational level of the Puerto Rican group as a whole. More than 50 percent of both men and women 24 years and older have had less than 8 years of formal education. Only about 13 percent are high school graduates.*

In November 1967, the New York City Board of Education stated that:

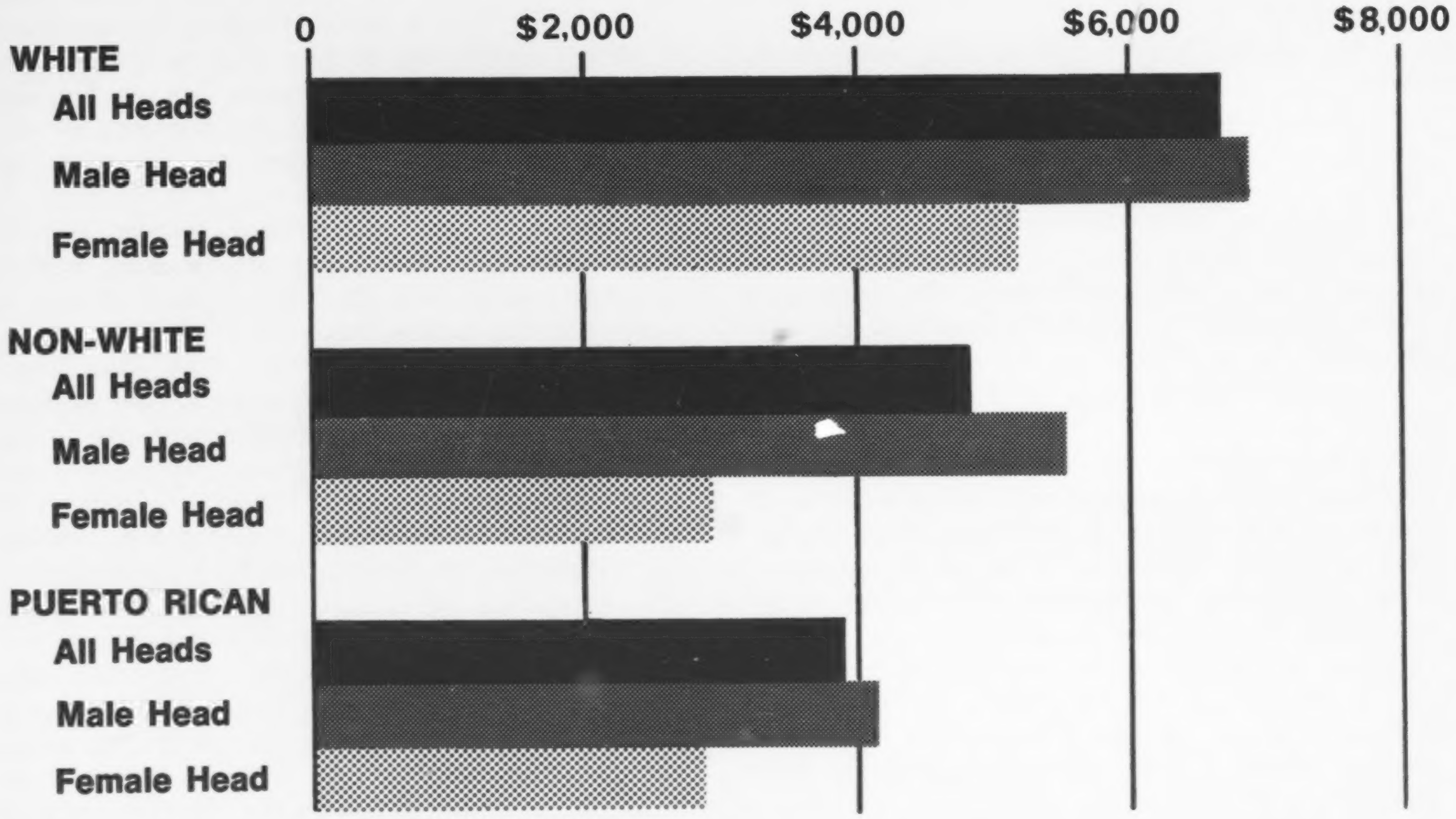
> *. . . Ninety percent of the New York City Puerto Rican high school graduates in 1966 received only a general diploma, which is little more than a certificate of attendance. Although there appeared to be some increase in schools in 1967, there is no significant change in their high dropout rate. Almost two-thirds of the children are retarded in reading. This is not surprising since, of some 227,000 Puerto Ricans in New York City schools in 1967, about 100,000 did not speak English.*

People with similar backgrounds would have difficulty obtaining permanent employment anywhere in the U.S. but when so many ill-equipped people move into one place, then that difficulty is compounded. To further complicate matters for Puerto Ricans, more than four out of every five net increases jobs during the years 1964–67 were in the white collar categories, for which Puerto Ricans are generally unable to qualify. The jobs that they can qualify for are generally located in the suburbs or at low wage levels.

Given the New York City occupational patterns and the educational data, the sub-employment rate of 33.3 percent for Puerto Rican neighborhoods is hardly surprising. A full third (34%) of all Puerto Rican families had incomes of less than $3,000 in 1960. In

CHART 6

Median family income by ethnic group & sex of family head



terms of information beyond 1960, the Population Health Survey reports that in 1964 the Puerto Rican group in New York is at the bottom of the economic ladder. (See Chart 6) The white non-Puerto Rican families in New York City were reported as having an average income of $6,708, in contrast with $4,833 for non-white families and $3,900 for Puerto Rican families. When comparing family incomes, it should be noted that the Puerto Rican families tend to be significantly larger than the families of other groups. Thus, their per capita income is at a lower level than the above statistics indicate.

SUMMARY: The Magnitude of the Problem

Unemployment statistics generally belie the severe employment difficulties of certain groups within the labor force. While our labor market is at a level described as "full employment", women, minority and young workers experience substantial unemployment. Within urban slum areas, concentrations of hard-core unemployment and undevelopment among disadvantaged groups, particularly minority youths have achieved depression levels, posing urgent social and political problems for our urban communities. Those affected are those who are most severely handicapped in the labor market, the unskilled, underqualified, and poorly educated. These groups also suffer from the mileage gap between their homes and available employment opportunities, which was discussed in Chapter One. The depressed incomes of ghetto families, as a result of employment disadvantage, contributes to a poverty cycle.

We can conclude that manpower development efforts must be made available on a priority basis to the disadvantaged. Such efforts must be directed toward increased family income through productive employment. This of course requires skill upgrading and provision of job opportunity. The concentration in urban poverty centers of so many occupationally handicapped individuals argues however, for recruitment and placement efforts designed to penetrate the solution of the ghetto.

For the minority group members of the urban poverty community, the effects of inadequate education and discriminatory policies of employers must be overcome in a forceful systematic manner. Gains in employment for these groups within the last decade are observable and impressive in absolute numerical terms, but relative disadvantage exists for the Negro and Puerto Rican workers in much the same measure as a decade past, while the awareness of this disadvantage has increased tremendously. We have therefore an explosive situation not yet cured by present and past efforts at manpower development for these groups.

The magnitude of the employment problems confronting government and private enterprise in improving the employment position of the disadvantaged is difficult to estimate. The State's manpower planning apparatus, the Comprehensive Area Manpower Planning System (C.A.M.P.S.), in its 1968 Report, presents estimates of a target population for those who could benefit from manpower development programs. The report bases its estimate on "an allocation factor based on various criteria such as population, labor force, unemployment, income, and other data", which results in a statewide target population of 1,160,000. Though cataloging the target population by type of disadvantage is an impossibility, the magnitude of the problem can be seen through estimates of the numbers of those who are unemployed, underemployed, poor, slum residents, and school dropouts.

Unemployment averaged 167,000 during 1968. For most, the length of unemployment was of short duration, however, 1,350 people a week—over 71,000 in 1968—remained on the unemployment insurance rolls long enough to exhaust their benefits in 1968. A similar number are expected to exhaust their benefits this year. These individuals must be considered part of the State's target population.

C.A.M.P.S. points out that no official government statistics exist on the total number of persons who could be considered underemployed. However, certain indicators do exist that reflect the size of the problem. Unemployment insurance claimants working part-time due to economic reasons totaled 275,000 in the State during 1967. There is reason to believe that this figure is far too conservative because many people who are ineligible for unemployment benefits are also working part-time for economic reasons and that even an estimate of 325,000 underemployed may understate the problem.

Although "poor" is a relative concept, persons may be termed poor if they are receiving welfare payments and/or have total cash income, related to family size and location, below the poverty level set by the Federal government. In New York State alone, over 600,000 families can be considered poor by using the above statistics. The continuing migration of the South's rural poor, and of Puerto Ricans into the State's urban areas make it extremely doubtful that any significant reduction in number of poor families has occurred recently, despite the State's generally improved economic environment. Approximately 80 percent of the State's poor live in these urban areas and more specifically in the ghetto slums. The subemployment rate for ten such areas of the State was 33.9 percent and these areas account for the major portion of the 480,000 urban families who subsist on an income of $3,000 or less. In fact, the three areas of

New York City classified as "slums" had a higher family income in 1960 than they did in 1966.

Although small in relation to the number of poor families residing in urban areas, the extent of poverty in the rural areas of New York State is proportionally greater and more acute. In 1960 the rural farm population accounted for only 1.8 percent of the State's family population, but rural families accounted for 4.2 percent of the families living on incomes of $3,000 or less. Almost 1/3 of all farm families exist at or below this poverty level compared to 1/7 of the urban population.

A very important factor in a persons' employability status is, of course, his educational attainment. In 1960, nearly four million New Yorkers over age 25 had not gone beyond the 8th grade and an additional two million had not completed high school. Since this time, it is estimated that 630,000 youths have dropped out of high school with the result that approximately 35 percent of the State's population has less than a high school diploma. Since income is directly related to educational achievement, these people are much more likely to have incomes below the poverty level than are those with more education. Sixty-five percent of the males with no formal education fall into this category as their median income in 1960 was only $2,000.

Using the data presented above, the estimate of 1.16 million New Yorkers who could benefit from manpower development efforts seems reasonable. The magnitude of the problem demands programs of equal magnitude if we are to provide the assistance necessary for individuals who are not presently employable in order that they may become productive members of the work force and of society.

3

Manpower Training: Closing the Skill Gap

The need for manpower training in private and public employment is one major conclusion of the first two chapters of this report. Training can work to close the skill gap by (1) filling job shortages and supplying the skills our economy requires and (2) providing more usable or sellable skills to the disadvantaged, unemployed and underemployed to improve their income level and provide all the personal and family values of productive employment.

The skill gap cannot be closed by upgrading the surplus manpower supply to fill available openings. The gap is too wide, since certain skills are too complex and the educational deficiencies of the disadvantaged too great. A continuous training process utilizing a skill ladder concept is much more meaningful. In effect, existing employees who are semi-skilled could more easily be trained for skilled vacancies than the disadvantaged, opening up semi-skilled entry level positions for the less skilled now unemployed or underemployed individual.

Of course, such a skill ladder, indeed training itself, is only a partial answer to solving our employment problems. As Chapter Four will indicate, many steps can be taken to create new careers, reduce barriers to employment and stimulate communication within the labor market. But training looms large as a beneficial tool for resolving the manpower paradox.

This chapter discusses manpower training in both public and private employment. It examines the contributions and cost of such training toward solving both the shortage and surplus manpower problems. Since six out of seven workers are employed in private industry, private training processes are the first subject of discussion. Dr. Solomon Barkin, a noted manpower expert currently at the University of Massachusetts, prepared for the Committee an analysis of manpower training policies in industry. Within limitations of space and time, Dr. Barkin's concise statement presents an extremely perceptive analysis of the need for a permanent manpower training system in industry. His statement to the Committee follows:

A Permanent Adult Training System is Needed in Industry

"Present needs arise from the deficiencies in past accomplishments and programs in the field of manpower training. It is essential that we define precisely the nature of the system which we have developed for the preparation of our work force for manual jobs whether it be in the primary, secondary or tertiary sectors, or in private or public enterprises.

"We have had no formal all-embracing system. Our school organization has had limited effectiveness in providing our youth with an understanding for participation in our economy or the skills and know-how for taking up specific employments. Some outstanding exceptions may be noted particularly for those who continue their education through the universities and prepare themselves for specific professions or technicians, and for that limited group who secured specific vocational training such as for clerical occupations and individual trades.

"Our industrial system has maintained few training programs. Apprenticeship systems had largely fallen into disuse. Managements resisted them. Moreover, they substituted jobs on the assembly line or in mass production factories requiring limited training. Persons were prepared through internal factory experience or on-the-job training. Organized formal systems for production workers or lower skilled jobs have been neglected. Those developed during the World War II were abandoned. Management increasingly has relied upon the labor market to provide them with people who were, or claimed to be, qualified. Most people acquired their skills through observation or other informal ways. Systematic training for industrial workers was not common in industry. This deficiency contrasts strikingly with the provisions and the high investment in the development of supervisory and middle and higher management.

"The term 'human resource development' has actually had a most restricted meaning in industry; it has been limited to the higher echelons of employees. The investment in these groups has been impressive. But there has been little movement to make comparable expenditures for the production worker.

"The presence of this void in our industrial training systems is attested to by the two large surveys made of training methods in the United States, both made by the United States Department of Labor. The first represented a report covering 9,600 establishments, made in 1962. It found that only 14.6 percent of the employees were in training, which on a national basis would mean 2.7 million workers. The latter were identified as 3.6 million trainees as some workers took two or more courses. Of this number, 2.1 million took safety and orientation courses. Of the remainder, fewer than 400,000 were enrolled in programs involving a fairly specific industrial skill, usually a skilled trade or engineering or technical skills, or the ability to operate specific industrial machines or tools. Less than two percent of the total employees were being given training for specific 'job oriented' skills and probably no less than three quarters of this group were production workers either in the manufacturing or other industries.

"The same conclusion is suggested by a second survey on the types of occupational training or preparation followed by our work force in April, 1963. It concluded that 'only in the professional and clerical workers categories did a majority of the workers—about 65 and 55 percent, respectively,—report that training was one of the ways in which they had learned their jobs. About 40 percent of the craftsmen, foremen, and kindred workers reported formal training as did some 35 percent of the managerial group, about 25 percent of both sales and service workers, and 20 percent of the farmers. Formal training had been one way of learning the job for only 5 to 10 percent of the laborers, both farm and nonfarm, and of the domestic workers, and for somewhat less than 15 percent of the operatives. The remaining workers relied on on-the-job training or casual methods and in a substantial number of cases those who had formal training had supplemented their training with the latter types of learning. In contrast to the figure of 30.2 percent of all employees reporting that they had had formal training, only 11.9 percent reported that it had been the "most helpful way" of acquiring the necessary knowledge. The two occupational groups which reported high proportions of "helpful" formal learning were the professional, technical and kindred workers, and clerical and kindred workers. Only 4.5 percent of the operatives and kindred workers rated it as the most helpful.

"Trade-union interest and programs in training also waned in importance and size. No doubt one of the most important reasons for this decline has been the high rate of unemployment and slackness of activity in a number of their industries. Moreover, there has been an overall reluctance to increase the official supply of labor. In industrial union sectors, there has never been a strong emphasis by unions on training systems because employers have retained complete control of these aspects of industrial relations.

"A change in attitude, policy and activity has occurred during the last seven years as scarcities appeared in the supply of easily available trained labor. Employers have reluctantly taken their old manuals for on-the-job training from the shelves and in some instances organized specific programs for this purpose. Many illustrations can be cited where individual large employers have established special training programs to absorb the untrained persons and adapt them to their operations. Such programs have been particularly common in operations which have expanded rather suddenly and where employers were anxious to meet time schedules. Many contractors and subcontractors for government work were in this category. As a result, the government indirectly financed a considerable part of the change in practice from a reliance on an available trained work force to a willingness to organize specific training programs for the untrained or inappropriately trained persons. The government in effect financed these programs.

"One common experience is that persons trained by these larger companies have moved on to other enterprises and capitalized on their personal upgrading.

"The federal manpower programs have also stimulated managements to initiate such programs. There has been the widespread financing of on-the-job training programs as well as specific grants for the training the disadvantaged within the enterprise.

"Trade unions sometimes on their own and in other cases in cooperation with the management of their industries have undertaken similar programs at the request of the federal government which has helped finance these programs.

"Management has made clear in the course of these recent activities that it is quite aware of the training problems and needs. Generally it has taken the position that it is capable and ready to do the training required within the enterprises for the preparation of employees for their own operations. They do question whether the responsibility and costs involved in the preparation of employees for the acceptance of the type of training usually provided within the enterprises might not be properly assumed by the government itself. Individual enterprises have accepted this cost while others have awaited government financing.

"Management has also recognized the uneven distribution of the financial burden of training among the members of an industry or the employers within a community. A number voluntarily accepted the responsibility but others have hesitated to take the initiative or have resisted invitations or appeals to do likewise.

"Moreover, the training authorities have also reached the conclusion that it is most desirable to relate training to specific job opportunities. The training effort is likely to be most successful if there is an assurance of employment at the successful conclusion of a training program.

"There is less agreement on the relative merits of external institutional training as over against direct internal enterprise training. The latter differences are quite understandable since the approaches and goals are quite different. The external institution tends to provide broad training and therefore attempts to provide both practical and theoretical training which would prepare the trainee not only for the specific jobs which he may immediately secure but for a wider range of employment which may open up to him in the future. It is designed usually to assist the individual in starting a progressive career which may hold out the possibilities for promotions. Internal enterprise training on the other hand tends to be narrow and constricted to a specific job found in an individual enterprise. Both have merits and are useful in different circumstances. For the long-run obviously the broad goals set by the external institutional training program are much to be preferred, but it would have to be related to a specific employment program.

"The real issue is how do we organize a comprehensive training system within industry for the production worker? It should not only provide training for specific entry jobs, but also offer opportunities for systematic progression in a career ladder. It should offer broad training to supplement the narrow instruction provided in typical on-the-job training programs. It should spread costs among all members of an industry. It should plan not only for the present scarcities but also provide training programs for future needs. It should be so that their personal careers become more secure, their adaptability is increased and their productivity and usefullness are raised.

"What is also necessary is a system of training which can serve both the smaller and larger enterprises. The latter have the 'know-how' for training or have the resources and facilities for developing such programs. They have the administrative organization which can set it up. But smaller enterprises and particularly those with less than fifty employees are not equipped for this task, either from the point of facilities, personnel, or finances. Therefore, the most desirable approach to this challenge for this group would be to organize an industry-wide facility which would help prepare personnel for the entire industry.

"Such industry training organizations could offer the additional advantage of developing guidelines for training and assist in maintaining the training systems in harmony with current and prospective needs. When major changes occur in the job requirements in industry, they can reorient the training curriculum.

"Such an industry training system has been organized in Great Britain. Industry training boards have been established and they are guided by a Central Training Board. The cost of such training programs is financed substantially out of levies upon the industry and the program is administered by the industry itself. Provision is made for payments to enterprises which carry on training programs conforming with standards laid down by the industry board for its own use. The British experience of industrial self-government in the field of industrial training can well become a model for similar action in the State of New York.

"It is imperative that the State of New York take the lead toward the organization of such a system of industrial training built upon the cooperation of and financed by the members of an industry. It has the resources; it is by far the most advanced industrial state; and finally, its leadership in American industry is dependent upon the reenforcement of its claim of having a high trained work force with a system of training which will insure its continuance and its renewal.

"Increasingly during recent years, management and economists have come to understand that economic growth and productivity are dependent upon a properly trained work force. Evidence to this effect has been frequently paraded. Many groups have joined in the support of public education and more extended higher education in the belief that such investments will pay off. There has however been a widespread neglect of the vast body of the population which do not reach college and occupy the production jobs in our economy. Their productivity, and services would also be improved by education and training.

"There has been widespread agreement that the investment in general education and work preparation might be wise but there has been no active promotion of the conclusion that industrial training beyond the portals of the general educational institution would be necessarily profitable. The current labor scarcities and the urgency of our finding ways of helping the disadvantaged join the mainstream of our economy have awakened us anew to this vast range of issues.

"It would be appropriate therefore for the State of New York to consider developing a permanent system of training within private and public industry directed primarily to the upgrading and improved performance of the vast numbers of production workers so that their opportunities be widened, their productivity raised. More employment should be opened up for the newer groups of employees entering at the lower rungs in the occupational ladder."

Evolution of Federal Participation in Occupational Training

The promise that everyone in America who is willing to work can have a job and progress to the limit of his ability has long been considered too difficult for the government or industry alone to fulfill. This realization is the reason for Federal government's long-standing participation in the occupational training of the American work force which dates back to the Civil War and the establishment of a system of land-grant colleges. Aid to vocational schools began in 1917 and following the Depression of the 1930's, Congress adopted the *Employment Act of 1946* which committed the Federal Government to use fiscal and monetary policies that would lead to full employment.

During the early part of this decade, concern over automation's effect on job requirements led to the passage of the *Manpower Development and Training Act* in 1962. Since that time, attention has been focused on those Americans who have not shared in the general prosperity of the nation and legislation has established an active manpower program aimed at meeting the training needs of the disadvantaged.

Recently, a trend has developed whereby private industry has been more involved in Federal training programs. The remainder of this chapter is concerned with the evaluation and results of these cooperative programs and the potentialities that exist for strengthening the partnership between government and industry so that our "manpower paradox" will disappear.

Vocational Education

> "The insistent demands of our increasingly complex economy make vocational education just as important as any other segment of the education industry. Occupational training is one of our major weapons in the fight against unemployment, discrimination and deprivation." . . . William Cohen, Secretary of the Department of Health, Education and Welfare.

Congressional recognition for the need for vocational education dates back to passage of the Smith-Hughes Vocational Act in 1917. That legislation provided allotments for vocational agriculture, home economics and for training in trades and industry. In 1946 the George-Barden Act increased the funds alloted for vocational education and in 1958, the National Defense Education Act contained a provision for both "secondary and post-secondary emphasis on technical training and the development of area vocational schools."

The Effects of The 1963 Vocational Education Act

In order to better provide work preparation for the Nation's youth and bridge the gap between school and work, Congress passed the Vocational Education Act in 1963. The act permitted schools to use federal funds to prepare individuals for employment in all occupations, except those requiring a college degree. During the first five years of the program, at least one-third (thereafter one-fourth) of the new funds must be spent for the building of vocational schools or for post secondary education. To assure that realistic information about current and projected job opportunities were available to graduating students, the act called for close cooperation between vocational education administrators and those of the Employment Service.

In the four years that funds have been available under the 1963 Act, New York State has experienced a major expansion in federally aided vocational education enrollments. Total enrollments climbed to 513,252 in June 1968, and reached an estimated 561,000 at the beginning of 1969. By far the greatest amount of enrollments was in courses involving office education. Enrollments in these programs totaled 269,017 in June 1968. In addition to stenographic, secretarial and typing courses, there are programs in data processing, general office, communications and personnel work. The principle objective of the office education programs, which are chiefly designed for girls and mainly at the high school level, is to alleviate the persistent shortages of well-prepared office workers that the State has long experienced.

Enrollments in health-related vocational programs reached 13,428 in 1968. The largest enrollments are in practical nurse, nurse's aide, associate degree nurse and dental assistant programs. This area of vocational education is being expanded and new curriculums are being offered which train individuals for occupations such as medical laboratory assistant, dental hygienist, x-ray technician and surgical technician. Employment in the health field has increased 87 percent in the past decade. Nevertheless, there are still extreme shortages in most of these occupations and everything should be done to make it easier and more beneficial to induce students to enter such programs.

The 1963 Act made provisions for meeting the needs of persons with special educational handicaps and many new vocational programs were initiated to serve people, especially teenagers, with such problems. The first New York State enrollments in these programs occurred in 1965 and by 1968, 33,651 persons with a variety of handicaps were being served in the various vocational educational programs. During this time, enrollments of such students amounted to less than 6 percent of the total vocational enrollments. They have continued to grow but are still far below the level required to provide opportunities for all educationally handicapped people who could benefit from such training.

One of the major benefits of the 1963 Act was the availability of large new Federal funds for construction of area vocational schools. These schools permit students from a number of school districts to obtain high-quality vocational education in a single location, thereby reducing total costs and enabling small school districts to offer needed vocational programs to their residents. By 1965 New York State had built or renovated 54 area vocational schools which offer all types of vocational programs.

The placement record of graduates of the various vocational educational programs is quite high. National follow-up data on nearly 745,000 students in 1967 indicated that 95 percent were employed on a full-time basis. Those with post-secondary preparation found training related employment in nine out of ten instances. Among high school graduates, over three-quarters had training related jobs. Only 5.2 percent were unemployed, compared with a national average of 16 percent of all June 1967 high school graduates. The unemployment rates are by no means exactly comparable, although the great difference between these rates is a clear indication that those trained in vocational programs generally make a more satisfactory transition into employment than those who finish their education without specific occupational training. A more striking example is achieved when vocational graduates are compared to ghetto youths. Approximately 23 percent of white males, 33 percent of non-white males and 49 percent of non-white females who reside in the ghetto are unemployed. (U.S. Dept. of HEW) If vocational education is to make a real contribution to manpower problems, we must find some way to reach and interest such youths in these programs.

The Vocational Education Amendments of 1968

The accomplishments under the 1963 Act were examined in detail by the National Advisory Council on Vocational Education. It reported to the Congress that substantial progress had been made but also stated, and Congress later agreed, that fiscal 1968 programs were not reaching enough students and that the needs of important segments of the population were not being met. In particular, the Council reported that:

> *While vocational education programs have expanded across all population segments, the expansion has not been great enough in response to the needs of people in metropolitan areas, particularly for the culturally and economically disadvantaged, and residents of slum and ghetto neighborhoods.*
>
> *Few programs have been available to reach the high school dropout.*
>
> *Data are not available to indicate the degree to which minority groups are being served by vocational education.*

That the need was not being met by existing programs was clear in view of the fact that approximately one million students (70,000 in New York State alone) drop out of high school every year. The lack of education must be considered a dominant factor in the groups' consistently high unemployment rate. The adults of the 1970's must be trained to assume the duties of three, four or five new careers per lifetime that are predicted for the future. Educational programs must take this factor into consideration and emphasis should be placed on relevant subject matter, not just the mastery of factual data. To achieve this objective requires that our public schools begin to develop programs that are attuned to individual interests, aptitude needs, ambitions, and subsequent occupational and educational requirements for all youths. We must stop teaching some while excluding others.

In order to bring about the required changes, the Congress passed the Vocational Education Amendments of 1968 that are designed to help the "hard to reach" and "hard to teach". The amendments are a far-reaching effort to up-date and restructure the entire body of vocational educational legislation built up since 1917. The act stresses the need to expand and improve vocational educational programs for students who are handicapped physically, mentally and/or socially. It also calls for expansion of post-secondary programs. The Senate report stated that:

> *The manpower needs of the economy are becoming so highly technically varied and shifting that it is highly improbable that a single-purpose terminal secondary school training program can adequately prepare students for a lifetime career.*

The 1968 Act permits great flexibility. It authorizes more than double the current appropriations for State grant programs and in so doing, makes it possible to greatly expand existing vocational programs and begin new programs. These monies are generally granted to the States on a 50-50 matching basis and are to be used to conduct vocational education for all persons of all ages in all communities. States are required to design their programs in order to insure that relevant training for career vocations is available to all who could benefit from it and desire such education. The standards for State programs have been raised and States must now prepare annual and long range plans and evaluations. These plans and evaluations must be presented in a hearing that is open to all state residents, as well as to members of the State Advisory Committee. In this way, more ideas and talents will be brought to bear on existing, as well as future, State plans. Funds are available to staff these committees and to the National Advisory Committee to hire staff, conduct research, and other evaluative work that will make vocational education a more creative instrument for equipping slum youths, disadvantaged adults and handicapped persons with both employability and job skills.

The amendments also authorized that $40 million in additional funds be set aside in both fiscal years 1969 and 1970 for special programs designed for persons who have academic, socio-economic or other handicaps that might prevent them from succeeding in regular programs. No State matching is required for these programs and in addition, specific percentages of other State allotments must be spent on similar programs beginning with FY 1970.

During the next four years, some $222 million is authorized for the establishment of pilot programs and special projects. Half of this sum may be used to create "a bridge between school and earning a living for young people, who are still in school, who have left school either by graduation or dropping out, or who are in post-secondary programs of vocational preparation." The remaining monies are earmarked for making grants to local educational agencies to alleviate the costs of developing and operating exemplary occupational education programs. These programs should include those designed to acquaint school students with the broad range of occupations and the special skills required as prerequisites for entry into such occupations; those providing educational experiences through work during the school year as well as during the summer months; and those programs designed to provide occupational guidance during the final years of school and for initial job placement. Previously only college bound students received adequate career counseling, but schools will now be given the responsibility of providing every student with this vital service.

In addition, the 1968 amendments provide funds to be used for constructing and operating residential vocational schools for youths between the ages of 15 and 21. These residential schools can more effectively train disadvantaged youths away from their slum environments in an atmosphere that is conducive to learning. The State's share of these costs is set at a minimum of 10 percent. The Act also authorizes such sums "as may be necessary" for making grants that will reduce the costs of borrowing for the construction of residential schools.

Cooperative work-study programs offer many advantages in preparing young people for employment. The 1968 legislation authorizes appropriations for such programs and, in so doing, provides a "4th R" to education—relevancy. Cooperative programs of this type create a partnership between the schools and business and industry in the community. These programs combine a meaningful work experience with formal education and enable students to acquire relevant knowledge, skills and appropriate motivation. In this way, artificial barriers that separate work and education are removed, by involving educators with employers in the needs and problems of students. The Act provides financial assistance for the coordination of such programs by reimbursing employers for added costs incurred in providing on-the-job training and supervision to work-study students. Schools who give needy youth and youthful dropouts vocational education will be allowed funds in order to provide part-time employment for such students. This will make it financially possible for 15 to 21 year olds to remain in school and develop proper work habits.

One-third of the total Federal funds are designated for use in economically depressed areas or those with high rates of unemployment. Of funds designated for regular programs, 10 percent are to be used for research and training in vocational education, experimental and demonstration programs, and to meet the special needs of new careers and occupations. In addition, the Department of Labor will conduct special studies on National, regional and local areas to determine future manpower needs.

The 1968 amendments are too new to fully evaluate. However, the placement record under the 1963 act was good, and the expansion and improvement in vocational education programs provided by the recent legislation leads this Committee to believe that future graduates of this program will be prepared to provide employers with needed skills. Thus, the artificial barriers to gainful employment that many youths face today should disappear and they will be able to become productive members of the American economy and society.

The Vocational Rehabilitation Program

In America today, physical and mental impairments limit the employability of an estimated 16 million persons over age 17, not counting those handicapped by alcoholism. Approximately half a million persons annually are added to the handicapped rolls. The responsibility for the rehabilitation of these individuals has been designated by Congress, through the Vocational Rehabilitation Act and its subsequent amendments, to the Rehabilitation Services Administration in the Department of Health, Education and Welfare.

In an attempt to reach and adequately serve the growing number of handicapped individuals, Congress has greatly broadened this program to include more of the severely disabled and disadvantaged. Because the final criterion for eligibility is the reasonable expectation that the handicapped individual can become employable, many persons with severe disabilities have had trouble being accepted into this program. To remove this deterrent, the 1965 Amendments provided funds that allow more time and testing of handicapped individuals before a final determination is arrived at. In addition, the Federal share in funding the program was expanded to 75 percent and did become 80 percent on July 1, 1969.

The more recent amendments have enabled the Vocational Rehabilitation Program to expand into new areas of service. From a relatively small program servicing a well defined group of physically and mentally handicapped persons, the Vocational Rehabilitation Program now participates in many anti-poverty and manpower programs. This expansion was made possible by a more liberal definition of those eligible for the program's services. The 1968 Amendments stated that those with "behavior disorders characterized by deviant social behaviors or impaired ability to carry out normal relationships with family and community which may result from vocational, educational, cultural, social, environmental, or other factors" were eligible to participate in the program. This liberalization extends vocational rehabilitation services to a countless number of Americans, including those presently being served by the numerous manpower and anti-poverty programs. However, no Federal funds have been appropriated for the amendment in 1969–70.

The focus of the program is upon a strong personal relationship between a trained counselor and the handicapped individual. The counselor has at his disposal virtually any service that might contribute to the elevation of the client's employability status. A professional staff will extensively test the client to determine the extent of psychological and/or physical disorders. If accepted, the client is eligible to receive any therapy that would remove or reduce disability including counseling, specialized training, maintenance and transportation, tools and license needed in the establishment of his own business, as well as the placement and follow-up services necessary to complete the manpower process. The complete realm of services provided by this program—from recruitment to follow-up—makes the Vocational Rehabilitation Program the most extensive and coordinated of all the governmental manpower programs.

Certainly it is the most successful for each year it places in competitive employment a greater number of disadvantaged individuals than the highly publicized M.D.T.A. programs and at a lower median cost. This high success rate, which is somewhat "built-in" because of the extensive screening process, has prompted Congress to expand the funding of the program from $75 million in 1961 to $373 million in 1968. During that time enrollments have risen from fewer than 300,000 in 1960 to almost 600,000 in 1967 with placements rising from 88,000 to 175,000. An additional $177 million was authorized in 1968 but the states did not provide the necessary matching funds and it was not appropriated. By 1971, approximately $1.25 billion annually will be authorized to the programs.

A system of block-grants is used to finance the program to the individual states. In order to receive federal funds, each State must establish a vocational rehabilitation service and submit a plan that meets Federal requirements. The State plan must include a description of the proposed program (or changes in existing programs) as well as providing the necessary financial participation by the State. In New York State, the Division of Vocational Rehabilitation of the Department of Education is responsible for creating the State plans as well as providing services that enables handicapped persons to become self-supportive. Based on the Federal estimates, New York State had a backlog of 350,000 persons who could benefit from vocational rehabilitation services before the 1968 liberalization of the eligibility requirements. The inclusion of "disadvantaged" as a handicap has increased significantly the demands for service but, since no Federal funds have been appropriated for 1969–70, the workload has not expanded proportionally as fast as the population that could benefit from vocational rehabilitation. One of the impacts of the all-inclusive 1968 Amendment, is that the target population for vocational rehabilitation in New York State now must, by definition, include the 1.16 million persons that C.A.M.P.S. estimates could benefit from manpower training.

Also, the range of vocational rehabilitation services duplicates the efforts and aims of many existing programs. Cooperation with other manpower training and service programs is therefore imperative. (The Committee deals explicitly with this issue in Chapter 7). The proven success of the program, particularly with respect to providing highly individualized services and its advantageous funding method, which permits maximum flexibility on a State-side basis, makes vocational rehabilitation a potential model for the delivery of all manpower services.

MANPOWER DEVELOPMENT & TRAINING ACT: O. J. T. & Institutional Training

The Manpower Development and Training Act of 1962 was developed to help meet manpower needs by training unemployed or underemployed persons. Originally programs were confined to indentifiable occupational shortages. Training falls under two broad categories: 1) Institutional training in schools, community colleges and other categories. Trainees receive a basic allowance of $42/week up to $72 with dependents for adults, and a $20 per week allowance for youths; 2) "On-the-Job" Training (O.J.T.) on the premises of the employer, sometimes supplemented by classroom instruction. Instruction costs are reimbursed, and trainee allowances granted for training time other than actual production time (covered by wages).

In order to maintain a sharp focus on emerging problems and needs, amendments in 1963, 1965, 1966 and 1968 substantially redirected the programs. The 1963 amendments aimed to provide manpower services to the groups with the highest incidence of unemployment. Basic literary training, in conjunction with occupational training, was provided for those in need of such services. Youth Training provisions were greatly enlarged. Training allowances were increased and eligibility requirements were relaxed for both adults and youths.

The 1965 amendments consolidated training activities by transferring to the MDTA the training provisions of the Area Redevelopment Act, a special program that provided training for individuals in areas designated by the Department of Commerce. Further, training allowances were liberalized by extending the period for which they could be paid, increasing the allowances to trainees with families, and somewhat easing eligibility requirements.

To extend MDTA training opportunities to more disadvantaged persons, the 1966 amendments provided for "employment orientation" training, which is designed to aid trainees in developing good work habits and attitudes and give them some idea of how to search for jobs. Authorizations were given for limited health services, further removing obstacles to training and employment. A part-time training program was initiated for low skilled workers in order to qualify them for promotion to better jobs. Also in 1966, it was decided that as a national training goal, 65 percent of the MDTA institutional training efforts should be directed toward the hard-core unemployed. The balance was to be focused on training individuals for skill-shortage occupations.

The 1968 amendments made administrative changes, directed efforts toward special problem areas and provided for the development of multi-occupational project and skills centers in the institutional program. A skill center is a centralized facility which, in addition to occupational training, provides the supportive services required by disadvantaged trainees. In 1968, 55 facilities were identified as Manpower Training Skills Centers which provide ingenious scheduling, the support of trained instructors and specialized instruction.

Through fiscal 1968, the MDTA program has enrolled over one million persons, more than 700,000 of them in institutional programs. The 65 percent target figure for institutional training of the disadvantaged was surpassed in 1968. Though most MDTA training has been in schools, on-the-job training has increased rapidly as Chart 7 indicates. The importance of training to the 600,000 graduates of MDTA programs is suggested by their record of post-training employment. Follow-up surveys show that 90 percent of institutional graduates obtained employment during the year after training. Furthermore, 75 percent of these former trainees were still employed when last contacted and 75 percent of this group regarded their jobs as related to their institutional training.

Benefits to trainees in terms of increased earnings was the focus of a U.S. Department of Labor report entitled *The Influence of MDTA Training on Earnings.* Released in December 1968, it covered the two year span of 1965–66 and reported on the earnings of over 106,000 institutional training graduates. At the time of the study, the Federal minimum wage was $1.25 for most industries, which of necessity was reflected in the earnings reported.

The reported training graduates advanced their income by 20 percent over pre-training levels. This increase was substantially greater than the average increase in wage levels in the economy. During this period, pre-training median earnings were $1.44 per hour while the post-training level was $1.73 per hour—an upward shift of $.29 per hour on an overall basis. The largest beneficiary was the former submarginal worker. Before training began, some 32 percent were being paid less than the minimum wage level but only 12 percent of the graduates were in this category.

Moreover, 37 percent of the workers reported post-training earnings in excess of $2.00 per hour. Overall, 60 percent of the graduates reported increases, 25 percent no change, and 15 percent reported decreases. Earning declines however, were mostly minimal and usually represented displaced workers who had to be trained in new skills and consequently reentered the labor force at reduced wage levels.

Table 14 illustrates the pre-training and post-training earning levels of MDTA institutional graduates by sex and color. The majority of training students, 55 percent, were men. They reported relatively high earning levels after training, $2.06 per hour, reflects the occupational training they received. Almost 50 percent had been trained for skilled jobs and nearly 20 percent for semi-skilled jobs. The greatest proportion, 44 percent, found employment in manufacturing where reported median earnings were $2.27 per hour.

The great majority of women, 75 percent, were trained and found employment in clerical, sales and service occupations. Post-training median earnings were reported to be $1.53 an hour, an increase of $.24 per hour. Almost half reported pre-training earnings under the $1.25 standard but after training only 19 percent reported such earnings.

One out of four of the reporting graduates were non-white. As a group they reported pre-training and

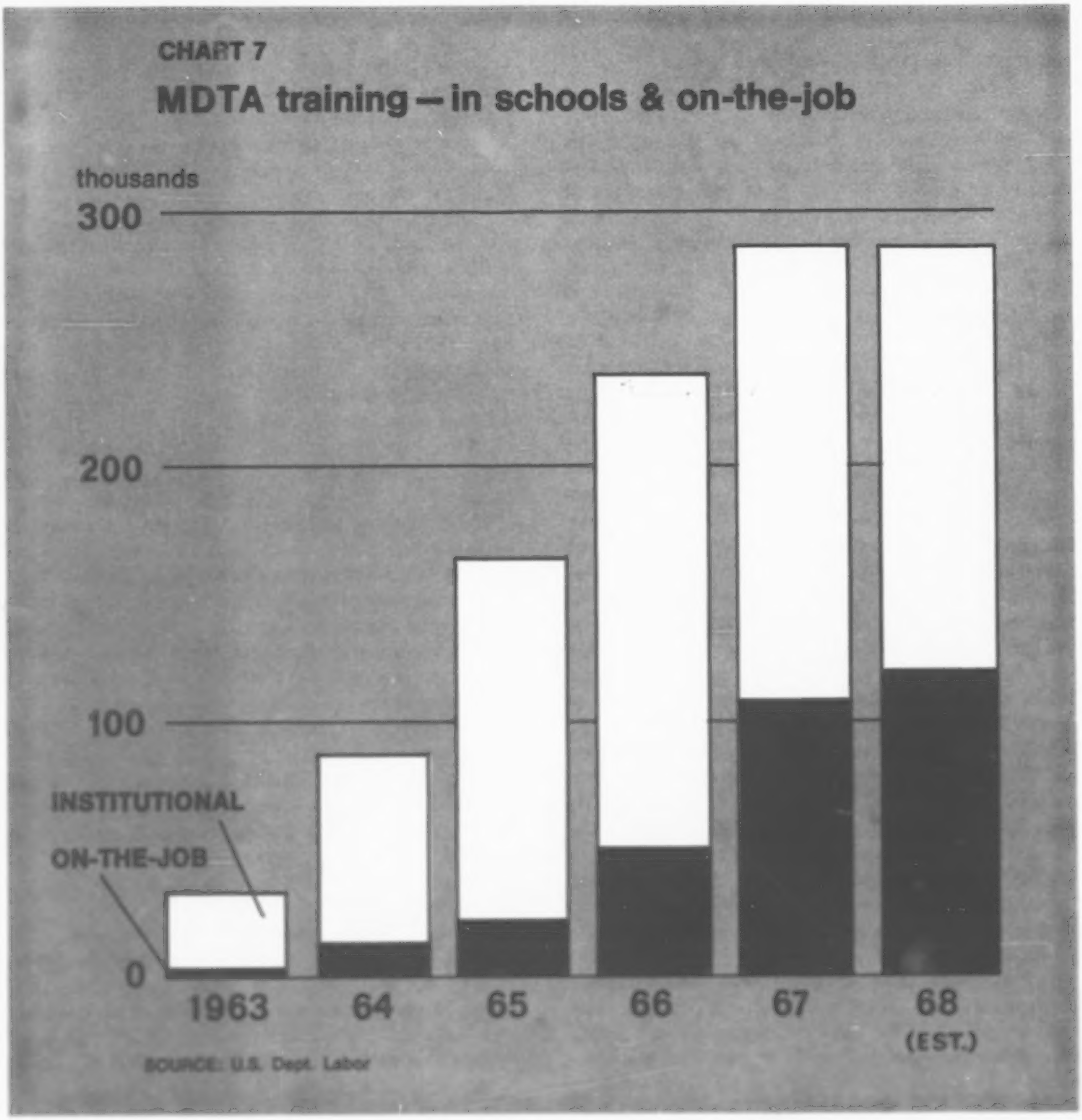


CHART 7

MDTA training—in schools & on-the-job

SOURCE: U.S. Dept. Labor

post-training earnings that were below those reported by whites. Median hourly earnings before training were $1.48 for white and $1.33 for non-whites; after training they were $1.81 and $1.59, respectively. This apparent widening of the differential despite the earnings elevation occurred only among men. Among women, the differential was narrowed from 14 cents before training to 11 cents after training. These earning movements are explainable in part by the fact that greater proportions of white men—both before and after training—were concentrated in the upper earning levels. Furthermore, more than double the proportion of non-whites found employment in the low paying service occupations, such as nurse's aide and ward attendant.

TABLE 14: Straight Time Average Hourly Earnings of Employed Graduated of MDTA Institutional Training Courses, by Sex and Color, Before and After Training, 1965 and 1966. (Percentage distribution)

Straight Time Average Hourly Earnings	Male Graduates				Female Graduates			
	Before Training		After Training		Before Training		After Training	
	White	Non-white	White	Non-white	White	Non-white	White	Non-white
Total: Number	35,059	8,721	39,842	10,025	22,103	10,338	27,921	12,932
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
$0.50 to $0.74	3.7	5.9	0.9	1.7	7.8	13.7	1.4	4.1
$0.75 to $1.14	13.5	18.5	4.0	7.6	27.1	33.4	8.9	15.9
$1.15 to $1.24	2.7	4.0	0.7	1.2	6.1	5.9	3.1	4.7
$1.25 to $1.49	19.4	25.1	12.5	18.8	27.6	26.0	30.2	30.3
$1.50 to $1.74	15.4	14.3	13.8	14.9	14.3	10.9	24.1	16.7
$1.75 to $1.99	9.8	8.0	11.9	11.9	7.3	4.8	15.3	14.0
$2.00 to $2.49	17.2	13.4	28.0	21.8	7.2	4.3	13.3	11.9
$2.50 to $2.99	10.4	7.4	17.6	16.2	2.0	0.7	3.1	2.1
$3.00 and over	7.9	3.4	10.6	6.0	0.5	0.2	0.7	0.3
Median earnings	$1.67	$1.46	$2.11	$1.87	$1.33	$1.19	$1.56	$1.45

NOTE: Detail may not add to 100 percent due to rounding.
SOURCE: U.S. Department of Labor

Evaluation of MDTA in New York State

In 1967, the New York State Department of Labor conducted a study, *Evaluation and Benefit—Cost Relationships of Manpower Training Programs in New York State*, in order to measure the success of the Federal program in the State. As in the National study, the proportion of enrollees in O.J.T. courses increased steadily from the program's inception in 1962 through the end of 1967, when over 50 percent of all MDTA trainees were in O.J.T. programs. (see Table 14) This expansion of the O.J.T. signals a significant change in employer attitudes towards governmental training programs. In 1962 only 642 enrollees were able to be placed in these programs, but by 1967 over 14,000 were enrolled and in 1968, more requests for O.J.T. contracts were received than could be funded. In the meantime, institutional projects reached their peak in 1966, when 16,823 students were enrolled, and have since declined. Only 9,000 slots are estimated to be filled in Fiscal Year 1969.

The cost-benefit study estimated the total need for MDTA programs at about 100,000 (maximum). Table 15 shows that openings fall far short of need during the period the cost benefit study covered. However, the study concluded, that MDTA was reaching the hard-core unemployed.

> *About 85% of enrollees were unemployed and 40% had less than three years of gainful employmen prior to training. Over 50% of the trainees had no completed high school and 11% had less than nin years of school. Close to half of the trainees wer non-white.*

The effectiveness of such a program in reachin the disadvantaged, hard-core unemployed, is subject t debate based on definition. For example, only 20.8% o institutional and 8.2% of OJT trainees were receivin unemployment insurance. Only 11.1% of institutiona and 6.4% of the OJT trainees were receiving welfar benefits. In terms of unemployment, 30.9% of instit tional and 28% of OJT trainees were long-term (2 weeks or more) unemployed, compared to a figure o 8.4% for the 27 weeks or more unemployed of th Labor Force. OJT programs were filled with generall better educated, higher income, individuals who wer employed more regularly prior to training than th institutional programs.

In terms of effectiveness of the training with re spect to employment, the following findings were noted. Of 3,123 trainees surveyed in OJT project, 63.4% completed training. Of those trainees completing the program 92.0% were employed. This rate is based on an average of four years, including one ineffective year-1965, which experienced a rapid increase in programs and a small percentage of completions. In 1967, completions were 82.6% of enrollees.

For institutional programs, while results varied among the variety of programs, 72.6% of enrolled trainees studied completed the course; of these, 72.3% had a job and 58.7% had a training related job.

Effectiveness was measured in terms of costs to government against earning gains of the trainee. O.J.T. cost per trainee enrolled was $400, per trainee completed $630, per trainee employed $684. Government bears only a portion of the training cost for O.J.T. programs, based on contracts negotiated with employers. Institutional costs varied with location, duraction, and occupation. Average cost statewide per enrollee was $1,620, per completed $2,297.

Benefits to trainees in terms of increased annual earnings for institutional trainees were $1,180, a gain of 85% during the year following training, over earnings a year prior to training—an average first year gain of 54¢ for every dollar invested by government. O.J.T. trainees earned $1,378 more in the first year after training than in the year prior to training. Compared to the cost to government, this increase represents an average first year earnings gain of $2.10 for every dollar invested by government. Direct comparison between O.J.T. and institutional training would superficially indicate superiority of O.J.T.; however, as was suggested above, trainee characteristics, and availability of jobs for OJT trainees are substantially different than they are for institutional program trainees.

Other cost benefit studies surveyed in this report indicate that:

(1) MDTA trainees in Connecticut were estimated to receive $500 more in the year after training than they would have received without training. Government gain in reduced taxes and unemployment insurance benefits was estimated between $5,500 and $7,800 per completor over 10 years. If the completor enters a vacant job some $21,000 through $30,000 is added to the nation's production.

(2) Annual total income for a study group of completors of an MDTA-like program in Massachusetts was 35 percent higher than before training.

(3) Cost of Job Corps (to be discussed below) by contrast is $3,510 for a five month stay, $7,492 for a 12 month stay, while estimated lifetime earnings improvement was $5,900. (max.)

Up until 1966 Federal funds supported the bulk of the manpower training effort in the State. From 1963 to 1966, the number of trainees served by the program increased from 4,342 to 16,301. In allocating funds to the states for fiscal 1967 however, Federal officials decreased the funds available for institutional training. In addition, State Administrators of the program recognized that policy restrictions of the Federal act prevented programs from being designed to meet the unique needs of our highly industrialized economy.

To solve this twin problem, the State Legislature enacted the State Manpower Act in 1966. An appropriation of $1.5 million was included in the 1966–67 budget. In addition, the Division of the Budget authorized $2 million of the special interest and penalty fund of the Unemployment Insurance Fund to be used for manpower training purposes. These funds offset the program losses to some degree by supporting training for 1,220 trainees at a cost of $1.1 million.

Selection of trainees, course development and amounts and rules for payments are substantially the same under the SMTA as under MDTA. The adoption of this program has enabled almost 1,400 enrollees to graduate. All but four were employed at the end of 1968. An additional 1,118 are still in institutional training activities in a variety of programs. Nevertheless, we are still not reaching many of the people who could benefit from MDTA programs.

As an example, Table 15 is the projected resources that will be expended in New York State in the current fiscal year. Only 14,158 out of a target population of 238,300 will be able to receive MDTA training this year. This is less than 7 percent of the target population. If we are to meet the State's estimated training requirements, particularly the need for training the disadvantaged, we must design our programs to be of the same magnitude as the target population.

This Committee considers it somewhat surprising that the proven success of the various manpower development and training programs has not led to a more rapid expansion. The program's content has been expanded time after time without a corresponding increase in federal allocations to support the added services. The results of the above surveys should erase most of the doubts about the program's value to those who need remedial education and O.J.T. that is directly related to contemporary labor market demands. Without such training, and the provision of allowances that this program provides, many disadvantaged persons would never meet the standards that today's employers require. For this reason, this Committee advocates an

TABLE 15: M.D.T.A. Inventory of Anticipated Resources Available During Fiscal Year 1969

PROGRAM	Estimated No. in Need of Services	FY '69 Funds Expected Available	No. Expected to be Served	Unmet Need
MDTA INSTITUTIONAL	43,700	$20,311,000	9,000	34,700
MDTA IN REDEVELOPMENT AREAS	34,700	4,190,388	1,558	33,142
MDTA — J.O.B.S.	81,200	7,734,000	2,500	78,700
MDTA — O.J.T.	78,700	485,000	1,100	77,700
MDTA — C.E.P.	INA	INA	INA	INA
	238,300	$32,720,388	14,158	224,242

SOURCE: C.A.M.P.S. Report, Fiscal Year 1969.

enlarged program that enables local administrators to design the programs to closely fit local needs. The Committee endorses that Manpower Development and Training become a permanent program to allow and encourage the long range planning that our highly industrialized economy demands.

THE JOB CORPS: Education and Transformation

The most controversial manpower program has been, and still is, the Job Corps. The program was established by the Economic Opportunity Act of 1964 to help disadvantaged young men and women grow socially, intellectually and economically. It is the only major residential program serving dropouts who require intensive remedial education before developing vocational skills. The Job Corps depends on government agencies at all levels, as well as private industry, labor organizations, college and social agencies.

Despite its stormy history, the Job Corps has grown steadily since its inception. In 1968, the program was able to serve approximately 368,000 youths in 113 centers. In New York State alone the program will serve 5,200 youngsters in Fiscal Year 1969. Corps members average 17.5 years of age, have completed 9 years of school, but read and compute at only the fifth-grade level. Sixty-three percent cannot qualify for the Armed Forces for educational or physical reasons.

Before induction into the Corps, applicants take an initial test to determine aptitude and educational attainment. Those scoring lowest have been assigned to Civilian Conservation Centers which provide remedial education and prevocational training. Enrollees in these Centers have built and maintained various roads, picnic tables, fishing streams, etc., whose value by the end of Fiscal Year 1968 exceeded $56 million.

After achieving satisfactory education and work habit levels, some male enrollees are transferred to centers near urban areas. These urban centers provide education up to the high school level. In addition, skill training in eleven basic vocational groups are designed to give graduates as much job mobility as possible. Women enrollees are assigned regionally according to their preference and vocational interests.

Because of transition difficulties in returning to the labor market, a majority of enrollees have been assigned to centers near their homes. A support program for graduates has been established in cities where particularly large numbers of former enrollees live. Women graduates who are beginning on-the-job training programs are assigned to YWCA programs for continued education, guidance, housing and other supportive services.

Program evaluation of the Job Corps is as cloudy and uncertain as its history. Different cost-benefit studies have produced startling results. The 1969 Manpower Report of the President reported that 49 percent of the graduates were in jobs, 10 percent in school and 11 percent in the Armed Forces. Overall, unemployment was still high, but the proportion usefully occupied represented a great increase over the 44 percent who had had jobs before they entered the program. Among the graduates who were unemployed, about 25 percent stated that the "mileage gap" prevented them from obtaining transportation to job opportunities. A similar number believed that racial discrimination prevented them from obtaining jobs.

The same follow up survey, reported that average earnings are substantially higher after than before Job Corps enrollment. Average hourly wage of pre-enrollees was only $1.27. In contrast, graduates averaged $1.92 per hour 18 months after completion of training and even dropouts of Job Corps programs averaged $1.54 per hour one year after they left.

Some of the benefit-cost analysis indicate that benefits exceed costs by ratios ranging from 2 to 1 to 5 to 1. One such study, released on October 15, 1968, estimated the total cost per trainee at $7,604 and the life time gain in earnings at $18,075.

Other studies however, have resulted in unsatisfactory findings. The Vocational Amendments of 1968 provide that:

> *The Commissioner of Education is authorized and directed to make a special study of the means by which the existing Job Corps facilities and programs . . . most effectively might, if determined to be feasible, be transferred to State or joint Federal-State operation in conjunction with the program of Residential Vocational Education authorized by . . . the Vocational Education Act of 1963.*

This report was submitted in the Congress in March 1969. Some of the centers reported average per training costs in excess of $8,000, which is more than double the cost of training a disadvantaged youth in the JOBS program. For the past fiscal year, about 65 percent of the enrollees left the Corps before graduation; almost 40 percent left before completing three months of training, and that most trainees left in less than six months. The graduation record of the conservation centers was only 24 percent, compared with 43 percent at men's urban centers and 34 percent at women's centers. Existing centers have spent more than three and one half times as much on recruiting as on placement.

This data prompted the Nixon Administration to make changes in the basic Job Corps program. On February 19, the President directed that by July 1, 1969, the Job Corps would be transferred from the Office of Economic Opportunity to the Department of Labor. An Interagency task force is presently planning for an orderly transfer of personnel and facilities on both the National and field levels.

In addition, 59 centers will be closed by July 1. Fifty of the closings involve conservation centers, a reflection of a shift in training emphasis from conservation work to industrial occupations. The closed centers will be replaced by the establishment of 30 new "inner-city" and near-city training centers. Fifty-four of the present Job Corps Centers will be retained, including 32 of the conservation centers. Youths who are still at the centers at the time of closing will be offered other training opportunities, though recruitment has been halted until the changeover is completed.

There is no set definition that can be applied to the new centers—they will be tailored to meet the needs of the community that they will be serving—but, essentially, three types of near city or inner-city residential centers will be created. Near-city residential centers will be opened in 10 cities to serve local youth for whom only work-week residence is desirable. The training programs will be geared towards the specific occupational needs of the area. Each center will house approximately 250 youths.

Five larger centers, each to serve about 350 youths, will be opened to provide training in one or several skills. These facilities will have attached residential support and will provide training for both residents and commuters. The third type of center is intended particularly for "high-risk" youths who ordinarily have high dropout rates from training programs because of family problems. In order to provide needed personalized attention, these centers will serve only about 25 trainees at a time and will be opened in an estimated 15 cities. They will have no training facilities of their own, but will provide a residence and related support for selected youths enrolled in existing training programs in the area.

The reorganization of the Job Corps program will result in approximately a $100 million saving. More importantly, the net reduction of 29 centers will *not* reduce the job training services available to jobless youths in the Nation's major labor and rural areas.

This Committee has long felt that the Job Corps was too expensive and not providing needed services to our Nation's youths. For this reason we applaud the Nixon Administration's realignment and anxiously await the needed centers scheduled to open in Rochester and New York City.

Job Opportunities in the Business Sector

> *The question for our day is this: In an economy capable of sustaining high employmen, how can we assure every American, who s willing to work, the right to earn a living?*
>
> *Lyndon B. Johnso*

To find a workable answer to the above questio, President Johnson suggested a new partnership wi industry in his 1968 Manpower Message to Congres. At that time, the President granted a charter to th National Alliance of Businessmen, which has a natio-al executive board composed of the top executives the country's major industries. The Alliance directed its initial efforts, called J.O.B.S., to the Nation's 50 largest metropolitan areas.

In each of the 50 areas, NAB has a team, directed by a metropolitan chairman, composed of several businessmen loaned by their companies, and a representative of the U.S. Department of Labor. In each city the government would draw on its informational resources to identify and locate the hard-core unemployed while the Alliance will:

(1) Contact companies directly, or through existing local organizations, to ask them to provide jobs for the disadvantaged,

(2) Work with local public and private organizations to identify and recruit disadvantaged persons to fill these jobs,

(3) Expedite arrangements for companies to receive Government funds to offset the extraordinary costs of training the hard-core unemployed. This will be done with a simple contract to be made with the Department of Labor.

The J.O.B.S. program differs from other programs that have provided training alone or training combined with full-time or part-time work. It serves only disadvantaged workers who reside in our largest urban areas where an estimated 85 percent of hard-core individuals reside. Employers not only provide jobs and training but also the full range of supportive services required by the disadvantaged if they are to make a satisfactory job adjustment.

The launching of the J.O.B.S. program was encouraged by the record of the past few years of a number of businesses who have successfully hired hard-core people to do work that had previously been performed only by those who were better trained and educated. These initial efforts were all aimed at testing the validity of immediate employment for the hard-core unemployed and were relatively small in comparison to the target population. Jobs remained to be found for thousands upon thousands whose potential is no less real, but who never have had the opportunity to use their ability or to develop it.

To accomplish this, the program's original goal was to have 500,000 disadvantaged persons in jobs by June 1971, with first year goal of 100,000 by June 1969. This goal is anticipated to be easily surpassed, for by January 1, 1969, over 145,000 disadvantaged men and women had been hired in the 50 original cities. More than 80,000 of these workers are still on the job. The great majority of the jobs pay between $2.00 and $3.00 per hour. Trainees are presently employed in over 600 various occupations.

The cost of the program to the Federal government was originally estimated to be $2,800 per trainee. These funds were to reimburse employers for supportive services such as remedial education, transportation to the work site, medical and dental care, counseling and orientation that they would not normally have to provide their employees.

Early results indicate that the per training cost will be much lower. The Labor Department has allocated more than $147.6 million in funds to 1,220 employers, authorized under the MDTA and the Economic Opportunity Act for the 700 J.O.B.S. contracts approved thus far. With over 80,000 workers still employed, the per trainee cost, thus far, is less than $1,900. The Committee feels that this is a direct result of the integrity and sincerity of the vast majority of employers in the J.O.B.S. program.

This early success prompted the expansion of the J.O.B.S. operations to an additional 75 cities on May 12, 1969. NAB volunteers immediately began mailing contract proposal forms to more than 90,000 business establishments in the 125 metropolitan areas. This expansion will enable the program's original goal, 500,000 disadvantaged in jobs by June 1971, to be raised to 641,000 and represents a welcome step forward for many disadvantaged Americans.

The new J.O.B.S. program has some basic changes over the previous one. Non-profit organizations such as hospitals, philanthrophic foundations, health and welfare agencies, will now be allowed to participate. The contract period has been shortened from 24 to 18 months and the training period has been reduced from 12 to 9 months. Preference will be given to contracts that stipulate that employees will be hired within three months. In addition, employers who have submitted a proposal for the direct training of disadvantaged persons will be eligible for upgrading provisions. It is estimated that the expansion and new changes will enable businessmen to hire and train 238,000 jobless persons by June of 1970.

As mentioned above, the program is aimed completely at the disadvantaged. Data on the characteristics of the persons hired shows that this objective is being met. Among employed enrollees as of November 1968:

(1) 75 percent were Negro and 10 percent had Spanish surnames.

(2) Average educational attainment was below 11th grade.

(3) They were unemployed almost six months last year.

(4) Average family income was only $2,790.

The immediate effect of J.O.B.S. in New York State has been to employ those formerly thought to be unemployable in the metropolitan areas of New York, Buffalo and Rochester. Federal funds appropriated to these three areas are expected to serve 2,500 persons in Fiscal Year 1969. The expansion of the program into Albany, Binghamton, Utica and Syracuse should raise next year's total to approximately 5,000—a 100 percent increase.

Others in the State have agreed to pledge jobs without financial assistance, further emphasizing the fact that American business not only can but will be an active partner in meeting one of the country's most urgent problems.

The Future of the Public-Private Partnership in Manpower Training

This chapter has been concerned with training in industry and the evolution of a working relationship between government and private industry to accomplish two tasks: The up-grading of the skills of our work force and the development of earning potentials among the disadvantaged, by up-grading their skills and productivity as workers. A major issue emerges because of the complexity of our current public-private economy.

While we see partnerships emerging between private enterprise and government, before we can possibly estimate how successful these programs will eventually become, we must answer the essential question, defining the respective roles of private enterprise and government. Should the business community be required to deal with matters going far beyond the sale and production of products, and the recruitment, hiring and training of the labor forces need to produce these products? In other words, what is the proper private involvement in community problems? We must also look at the proper role for government. While private enterprise does not function as a social worker, government's prime concern is the welfare of its citizens. How far should government go in cooperation with private enterprise, a profit making institution, in order to accomplish government's major tasks? In other words, how can the profit motive of business and the general welfare responsibilities of government be reconciled?

The Committee, although beginning with the premise that the unaided efforts of private enterprise have not and cannot meet the need to hire and train disadvantaged workers, does not mean to imply a lack of concern or involvement by the private sector. Rather, the Committee finds that agressive action by government, which alone has also been unable to do the job, has to some extent inhibited private participation at the necessary levels. Such factors as (1) the lack of profitable skills and (2) the high costs of instilling such skills in presently hard-core unemployed or underemployed disadvantaged, as well as (3) insufficient incentive to locate in blighted areas with a low skilled labor pool have been great deterents to private action. With respect to the location of business in areas where the unemployed and underemployed are to be found in large numbers, the Committee finds lack of public services, available building sites, transportation and marketing facilities, and difficulties in insuring property in such areas to be barriers to the commitment of resources.

However, industry cannot operate efficiently in a society in conflict. Because of this, industry has a large stake in the welfare of society in general, and the hard-core unemployed in particular. The racial strife of the last few years only results in profit losses for all Americans—including the rioters. Further, the disadvantaged as a "wasting" manpower resource contribute to an economic draft. The disadvantaged are a potentially tremendous new market for the products of private enterprise, which must be concerned with their purchasing power, and therefore their ability to contribute to industry's productivity and earn a more substantial family income.

But by the very nature of their problems the disadvantaged are unprofitable risks for business enterprise geared to profit-making. Our private industry, already beset with excessive competition from low-wage areas, would not long survive unassisted large scale hiring of disadvantaged workers. Therefore, the Committee applauds such answers as On-the-Job Training (O.J.T.), Job Opportunities in the Business Sector (J.O.B.S.), the Urban Jobs Incentive Board, the Job Development Authority, and the Urban Development Corporation as creative users of government seed money to best advantage. These efforts reflect a role for government that is properly supplementary to private enterprise. Stated simply, the Committee sees the role of government, in manpower development as an imitator, innovator and silent partner to private enterprise, the chief job provider in our economy.

The problem confronting private enterprise is threefold: (1) there is a definite need for certain crucial skills, the manpower shortage; (2) there is a surplus of unemployed or underemployed workers, often located in high density within urban core areas; and (3) there is no profitable means to upgrade the skills of the unemployed or underemployed without governmental financial assistance. Government, to the extent it recognizes a public interest in eliminating hard-core unemployment, both because of its social costs and its damage to the State's economy, may be expected to help. Yet government cannot be expected to provide excess profits to business or direct subsidy simply because business incidentally reduces unemployment. Thus we see strict controls over manpower funds. For example, only excess training costs are reimbursable under J.O.B.S., and O.J.T. and only businesses which locate in key unemployment areas receive tax credits under the Urban Job Incentive Board. These limitations are justifiable, but the Committee finds a vast grey area where government is not active.

The area of uncertainty into which government has not yet ventured with funds, is the situation where the profit to business would be undeniably increased while the benefits to the public, in terms of hiring and training disadvantaged workers, would be to some extent indirect or secondary. Apprenticeship training is such an area, where as stated above, government refrains from financial contribution, effectively assuming that upgrading worker skills is a private concern, both of the worker and the employer. The concept of upgrading semi-skilled workers who are on the job and who have developed basic employability understandings or skills, undeveloped in the disadvantaged worker who is often "unemployable" by usual standards, offers some hope to fulfill needed skill shortages. The openings in semi-skilled areas could be more easily filled by the disadvantaged at greater economy to the employer and government. Eventually the disadvantaged worker so hired could be upgraded to higher skilled positions, and so the process would operate. But we find great reluctance within government to aid the relatively well-off worker in semi-skilled jobs, while there are masses unemployed or underemployed.

The Committee finds such reluctance to some extent justifiable, but nevertheless recognizes a need to encourage this process of continual skill upgrading, as an alternative to either direct training of disadvantaged to high skill jobs, or a process of skill subdividing, which builds inefficiency, to break down complicated jobs into two or more simpler ones. Also, the agressive role pursued by government tends to rule out an approach used in conjunction with such skill subdividing during the emergency created by the manpower demands of the Second World War. This approach is the "cost plus" concept, which would allow business to do the training and hiring and profit in doing so. Such an approach the Committee notes was recommended by the Steering Committee of the Arden House Conference on Public Welfare in its March 1968 report to the Governor. Government accepts the responsibility for job training under this approach, but contracts with private enterprise for its performance.

The recognition and desire for an aggressive role for private enterprise is not absent in the private sector, indeed, our newspapers are full of exciting developments which indicate a new energy in business attitude toward the disadvantaged. The Urban Coalition and the National Alliance of Businessmen are such developments. Our largest corporations are vigorously recruiting and hiring disadvantaged workers, and in doing so learn techniques that will serve to render the painful process of human rehabilitation, which is the job training of these individuals, simpler and more effective.

One such example of business acting in concert to attack a community wide employment problem is Rochester Jobs Inc. The development of this organization was achieved through the efforts of a group known as the Ad Hoc Committee whose members felt the need for such an organization to alleviate problems within the community.

Rochester Jobs Incorporated was established as a non-profit, non-political, non-partisan organization composed of a multitude of groups, ranging from industries to poverty agencies. It is funded by a $100,000 grant from the participating businesses and industries in the area. The basic commodity—jobs—are also supplied by the participating business sector. The staff of RJI gathers "job information," compiles lists of jobs openings, and distributes this information to the appropriate agencies who maintain contact and refer the unemployed.

Its organization includes a charter, a set of by-laws, and a board of directors—consisting of 10 business leaders, 7 representatives of poverty agencies, and 3 clergymen—who elected a slate of officers. From the inception of this organization, the viewpoint maintained by RJI has been pragmatic. The organization followed no text book for its creation and guidance; its structure and activity were designed, even mandated, by the particular problems of the locality. It sought therefore to reach the "hard-core unemployed"; it is committed consequently to a policy of providing maximum flexibility in hiring the "hard-core unemployed". But to implement this perspective and goal required coordination and cooperation. RJI had to involve certain groups so that job resources which existed could be located. Then it had to see that this information was distributed to the "hard-core unemployed". This meant involving the poverty and social agencies in the RJI organization.

The activities and functions of Rochester Jobs Incorporated make it analogous to the European Employment Services whose efforts are a total committment to full employment. RJI matches this operation. It provides job information. It refers qualified people to these jobs or attempts to place them in training programs by which they may qualify. In short, RJI manipulates all resources—occupational, educational, and human—that contribute to the useful operation of a viable manpower policy.

At the heart of this effort, is the meshing of all groups that would have an interest in manpower. For instance, the organization through the participating agencies makes a point of going to the neighborhood rather than making the individual come to the agency for job information—something that is quite important in reaching the hard-core unemployed. In addition to neighborhood recruitment, the organization goes to the plants and businesses, conducting seminars for the employers, and the foreman who will supervise the new workers, concerning the attitudes and outlooks of the employees they will be managing or training. RJI also implemented a necessary policy of follow-up on the people it placed, trained, or for whom it attempted to locate such positions. Job performance, employer-employee problems, dismissal, job duration and such were the information sought in this follow-up.

Of course, the Rochester area has a high demand for trained and skilled labor. This, plus community unrest, probably have made the various interests and establishments a bit more enlightened concerning the problems of unemployment and poverty. The fact remains however, that the problems faced in the Rochester area are similar to those found in other urbanized areas; thus, the successful effort made here is worthy of copy in other localities throughout the state.

The essence of this approach has been its commitment to employment as the answer to poverty and social unrest. It has furthermore involved all the groups and interests necessary to overcome unemployment. The structure and framework have been established whereby the demands and needs plus alternatives for solutions can be funneled and brought together. Rochester Jobs Incorporated is an interchange in which no manpower component in the community remains untouched or disregarded.

The effectiveness of Rochester Jobs Incorporated can be measured by its accomplishments. Its activity report for March 1969 listed the following results after less than two years of operation. RJI participating employers have hired 2,401 applicants. In addition, action is pending on 106 others. Sixty-five percent of those hired have been male and 25 percent were under the age of 21. Of all the applicants who have been hired, 85 percent have started at rates of $2.00 per hour or more. In addition to the statistics mentioned above, RJI employers have placed 432 people in basic jobs under the National Alliance of Businessmen's program. Of this figure, only 95 persons have been under contract while the total costs of training the remaining 337 have been borne by the participating employers. An additional 778 summer jobs have been provided for Rochester area youths. Seven more NAB training contracts have been applied for of which two have been approved and five are awaiting action.

Since its inception, RJI realized the difficulty and complexity of assimilating the hard-core unemployed into the production work force. In order to create an atmosphere of understanding and sensitivity towards the special problems of the disadvantaged, RJI established an Employer Education Committee. This Committee conducts seminars that involve leaders of industry, community agencies, and labor as well as over 2,000 of the foremen who would actually be supervising the new employees. As the result of these seminars some employers are conducting additional seminars in their plants.

In June of 1967, RJI stated a program called Teens on Patrol (TOP). TOP statistics are not included in the figures mentioned above. It is a police department program and consists of hiring inner-city youths to work with the department over the summer months. Eastman Kodak Company provided the initial funds by making a contribution of $50,000 to RJI. Last summer 70 youths were employed in this program and its success caused RJI to search for means of extending the program beyond the summer months. Again Kodak came to the rescue with a $25,000 grant that enabled TOP to continue on a part-time basis with 35 youths working a maximum of 20 hours per week.

The evident success of RJI in such a short period of time is an example of what industry is capable of doing to solve manpower problems. Their approach is systematic and coordinated and its rapid success is evidence that perhaps the Federal programs are not. Speaking before a public hearing held by this Committee in Rochester, Ed Croft, Executive Director of RJI, noted that "the Federal funding at times creates problems in that they will announce a program and then eventually they will finance it. Sometimes the financing is anywhere from six months to a year later, and this upsets the program. It prevents effective use of the funds."

Last year, this Committee noted that a unified State programming unit is needed to coordinate Federal efforts with State needs. Speaking on the same subject, Mr. Croft noted that:

> *At the present time there is so much overlapping of programs and responsibilities that it is difficult to assess the success or failure of a program and in turn decide which programs are effective. It is important that planning and programming for manpower training include all types of training including apprenticeship and be programmed in such a way as to reduce the need for future emergency training programs, and at the same time involve industry in cooperative work training programs by providing State training allowances to supplement part-time earnings incurred in such a situation.*
>
> *RJI's experiences in establishing a coordinated approach to the problem of providing jobs for the disadvantaged has indicated that a coordinated approach involves all segments of the community with industry providing jobs and agencies*

> *such as NYSES, FIGHT, Urban League, Baden Street, Genesee Street, Montgomery center and others recruiting hard-core applicants for these jobs have an effective role in creating an avenue of understanding about the problems of the disadvantaged in the field of employment.*

This "avenue of understanding" is a necessity if we are to reach the hard-core unemployed and, assimilate them into the productive work force.

The "avenue" must be a two-way street, in that the business community must understand the attitudes and aspirations of hard-core individuals before two-way communication can be achieved, or even expected. Since the formation of NAB, leading businessmen have become involved in community problems—especially the soliciting and hiring of the hard-core unemployed. Realizing that problems would be encountered by the supervisors of disadvantaged employees, many companies have been conducting seminars to better equip them to deal with the unique problems created by ghetto life.

One such company is Xerox Corporation of Rochester which is working both inside and outside the J.O.B.S. program to provide assistance to those who are presently excluded from our society. They have been participating in seminars conducted by RJI since November 1967. The Committee, at a hearing held in Rochester on August 27, 1968, was presented with the following statement written by David Curtin, Vice-President:

> *Xerox Corporation is proceeding with a number of programs aimed at either immediate or alternate employment enhancement for minority groups.*
>
> *One of them, Step Up, is an internal program that has been under way since early 1967 and is now being considerably expanded and augmented. The other is an external program in which we are heavily involved. Xerox is offering training support and providing a guaranteed initial market for FIGHTON, a people's manufacturing enterprise by a grass-roots organization of Rochester's Black Community, FIGHT.*
>
> *Step Up is an on-the-job training program in Rochester's area, part of a continuing concerted effort at Xerox to increase minority-group employment. The idea of Step Up is simply an extension of our beliefs at Xerox, often stated in the past, that social responsibility in the communities in which we reside is a central concern. Our policy of helping the disadvantaged, of any race or color, to qualify for employment is part of our broader commitment to active participation in finding solutions to pressing social problems.*
>
> *In addition to on-the-job training, Step Up includes classroom instruction in reading and mathematics as well as familarization with hand and machine tools. Because many of the people whom Xerox is seeking as candidates have never been employed in manufacturing, there is also emphasis on such fundamentals as attendance and punctuality, the rights and responsibilities of employees and the importance of getting along with others.*
>
> *Step Up is part of a program at Xerox to provide employment for approximately 150 minority group members over a 12-month period. It is being partially funded by the JOBS program of the U.S. Department of Labor, which is enlisting the resources of private industry in providing jobs and training for hard-core disadvantaged unemployed persons.*
>
> *In this agreement to assist FIGHTON financially and managerially, Xerox is helping to attack the problem of the disadvantaged Black from a second direction as well. FIGHTON not only will provide job training and productive employment for the hard-core unemployed, but also will foster a "committed" involvement of the Black industry, involvement that comes only by ownership and management. It is this ownership and management participation in corporate America that is needed to assist in reversing the trend of hopelessness and despair in the Black communities by giving the Black a concrete example to look up to and to follow. It is this ownership and management that will help to provide the economic revitilization of the Inner City. Finally, it is this involvement that will give the Black a new image not only to White Rochester, but, more important, to the Black himself.*
>
> *This new business will produce metal stampings and electrical transformers, providing employment for about 100 inner-city residents. It is being funded by the U.S. Department of Labor. Xerox has guaranteed annual purchases of more than half a million dollars for the first two years of FIGHTON's operation. In addition to providing a guaranteed market, Xerox will assist in training the management and production workers of FIGHTON, and it will provide technical and managerial support and counseling. A significant role in support of FIGHTON will also be played by Rochester Business Opportunities Corporation. (Discussed later in this report).*
>
> *Xerox believes that mere maintenance of an equal-opportunity employment policy is not enough. Therefore, we are now accelerating our efforts in all divisions and in all departments of the company to seek aggressively, train and pro-*

> *ductively employ members of minority groups. Many Negroes fearing rejection, simply don't apply to industrial companies for jobs. And of those who do apply, many fail to meet customary standards of qualification, which often exceed actual job requirements. Xerox is now attacking these problems in order to fulfill our obligations to society.*
>
> *The company is heavily intensifying its recruiting of Negroes. and other minorities. A special recruiting effort at University Microfilms in Ann Arbor, Michigan indicated that minority employment can be substantially increased by such special effort within the space of a few months. That effort is now being extended throughout Xerox.*
>
> *All managers responsible for hiring, regardless of geographic location, are re-examining their selection standards and training programs. Those that screen out all but the most qualified people are being revised. Managers are currently devoting special attention to hiring minority employees of limited qualifications and to making them into genuinely productive workers in the shortest possible time.*
>
> *Finally, Xerox is increasing substantially its training of unqualified Negroes and other minority members. Step Up is being uncorporated in the present hiring process and is being extended to major Xerox facilities outside of Rochester. The progress of these policies, implemented in all divisions, departments and subsidiaries of the company, is being regularly assessed by highest-level corporate officers.*

Another example of the extent that corporations are involved in the education and training of the disadvantaged is the action of the Electronics Division of General Dynamics. Ray Jones, Director of Industrial Relations, spoke at Rochester and informed the Committee that in the seven months proceeding the hearing.

> *The Electronics Division plan . . . has trained and given employment to more than 450 persons, most of whom never had held a steady job before. Currently, we are seeking an additional 100 or more production workers from the ranks of Rochester's hard-core unemployed under a continuing program aimed at providing more than jobs alone.*
>
> *Many of these people have gained more than a job and a regular pay check; they have acquired pride in newly learned skills and a new confidence in themselves.*
>
> *For the first time in their lives, they have come to realize that—with the proper attitude and effort—they can become valuable and respected employees—capable of competing with more privileged groups. Their faith in themselves is thereby restated . . . Each person accepted for job training at the Electronics Division receives 40 hours—one week—of class instruction. The training classes are conducted in shifts during regular plant hours. As many as five instructors and eight demonstrator-instructors have been used at one time, to maintain a peak rate of 90 trainees a week.*

The action of Xerox and General Dynamics is clear evidence that the JOBS concept has become more than just a program. American industry has become intricately involved in the employment of the hard-core unemployed on both an economic and social level. Moreover, the employers themselves are learning about the problems of the hard-core and this could have a spill-over effect on industry's regular training and employment practices.

New York State Civil Service Manpower Programs

Since 1966, New York State has had a program designed to aid residents of disadvantaged neighborhoods to gain economic stability by securing them promising positions in the Civil Service. The program, the Career Development Program, is designed to be a major recruitment and training effort in order to bridge the gap between the unemployed and existing job vacancies in entrance level positions in all State agencies. The Department of Civil Service administers the program including coordinating the work of all Departments from recruitment to eventual job placement.

The program officially began on August 29, 1966 when 125 enrollees began a four week orientation course at recruitment centers located in Harlem, Brooklyn's Bedford-Stuyvestant and Southern Bronx. These centers are staffed with administrative and teaching personnel who recruit and interview prospective enrollees. Final selection is made by the Career Development staff who also administer the orientation program. The program provides remedial education and information relating to securing a permanent job, employment opportunities in State government, examination instructions, and the role of community services. During the orientation, all trainees were paid the Civil Service Grade 1 salary of $77.40 per week. Successful completion of the course earns each trainee a diploma signed by the Governor of New York State and the President of the New York State Civil Service Commission. Graduates are then placed in existing vacancies throughout various State agencies, though the majority of graduates are placed in vacancies in the Department of Mental Hygiene.

Since its inception the program has altered slightly. The orientation program was extended from four to six weeks and, at the start of Fiscal Year 1969–70, funds were obtained to lengthen the program to eight weeks in order to allow for additional time and more emphasis on remedial reading and test taking. An additional recruitment and training center was opened in Rochester in March 1969 and funds have been appropriated to staff an additional center in Albany. The Albany center will be able to train 48 persons in various typing courses.

The program is open to men and women over 18 who are United States citizens, in reasonably good health and are able to read and write. Unfortunately, persons who have been convicted for crimes or violence, the use or possession of narcotics, sexual perversion or habitual alcoholism are not acceptable in the Career Development Programs.

Staff members are primarily selected from the areas where the centers are located. A college degree is not necessary and preference is given to those who have had experience in social work, community action programs and with working with adults from depressed or ghetto areas. Basically, each class of 25 trainees has one instructor who attempts to match the interest and skill of individual trainees to specific manpower needs.

Since its inception in August 1966, the Career Development Program has completed 14 orientation cycles enrolling 4,548 persons, graduating 3,781 (83 percent) and placing 3,316 (73 percent). As of June 2, 1969, 2,259 of these people were still employed (over 70 percent). During Fiscal Year 1969–70 an estimated 2,700 persons are expected to be enrolled in the program and over 2,300 trainees are expected to graduate.

Mental Hygiene's Youth Opportunity Program

The New York State Department of Mental Hygiene, in addition to providing employment to the majority of Career Development placements, has its own program for youths from economically disadvantaged areas, the Youth Opportunity Program (YOP). YOP is a part-time work experience and career oriented program for youths sixteeen years of age and older who are presently in school and in need of paid work experience to remain there.

Students are accepted into the program after counselors from the Department of Mental Hygiene have had a personal interview with them and, wherever possible, with the teacher and/or the guidance counselor who has had personal contact with the applicant. This dual screening process is necessary because Mental Hygiene's top priority is, of necessity, the welfare of the patients that participants in the program would be working with. Though no specific experience is necessary, nor are skills vital to acceptance, youths who might be detrimental to the welfare of the patients are not accepted into the Youth Opportunity Program.

Upon acceptance, students work a maximum of 28 hours per week. They are paid $1.60 per hour and assigned to vacancies in local institutions where they work closely with staff professionals in a variety of occupations. The aim of the program is that students will express a desire to continue their education beyond the high-school level because of the association that they have had with the professional people whom they assist in their day-to-day duties. To meet this end, YOP is attempting to make available scholarships, grants, and traineeships from many educational institutions to graduates of the program. In addition, the professional staff makes available to the individual institutions a portfolio of each student referred to them. It contains a professional viewpoint based on at least six months of close personal contact which will enable the college or university to better judge the capabilities of the student in regard to their own programs designed for students from disadvantaged backgrounds to which the students of the Youth Opportunity Program belong.

From its November 1967 inception through April 1969, YOP has graduated 1,644 students out of 1,900 enrollees (86.6 percent). An additional 924 students are currently participating in the program. The per graduate cost is slightly over $1,000.00, all of which is spent on the salaries of the student trainees. Due to a reduction on the anticipated Mental Hygiene budget, only 1,421 trainees are expected to be enrolled in 1969. The Committee finds this unfortunate because of the proven success of the program in providing needed services to patients as well as the incentive the program provides to students to continue their education. (117 went to college in 1968 alone.)

Summary

The evaluation and description of manpower programs has been the primary concern of this Chapter. Obviously, private industry's role has been constantly expanding and one must wonder to what extent it can be further expanded. President Nixon has announced that manpower programs will increasingly rely on the resources of business and industry, completely rejecting the "employer of last resort" concept. The limits of such an approach are obvious. Industry will hire disadvantaged individuals only as long as it is profitable. They have no other choice since a reduction in profits would aid no one, least of all those in need of permanent jobs. For this reason, the Committee strongly recommends a combination of federal money and private initiative if real progress is to be made. The initial success of the JOBS program warrants that this dual approach be expanded.

2

4

Beyond the Skill Gap: Employment Barriers in the Operation of the Labor Market

> *Throughout the city we have found barriers to the employment of the poor and to their earning a reasonable income which do not depend upon their lack of skill or training. Discrimination, licensing barriers, imperfect flows of information, travel to work problems, the poor location and limited outreach of private and public employment agencies are all forms of barriers to the employment of the poor that are not related primarily to either education or training.*
>
> *Dr. Oscar Ornati, Professor*
> *Graduate School of Business*
> *Administration, New York*
> *University, before the Committee at Public Hearing,*
> *Board of Estimate Chamber,*
> *City Hall, N.Y.C., Oct. 8, 1968.*

While the first three chapters of this report have been concerned with the employment problems created by the skill gap, as the above quotation succinctly indicates, manpower training and increased educational opportunity are not the only concerns of manpower policy. The lag between skill requirements and skill resources however important, is paralleled by barriers to employment which arise from the operations of the labor market. The selection standards used by personnel officers, the processes by which job seekers look for employment, the vehicles used by job recruiters to seek employees and the factors determining where a person works or seeks work are all basic to understanding the employment difficulties of the under and unemployed.

Looking beyond the skill gap then, we see a credentials system, a career structure, and a labor market exchange or communication system operating that affects the ability of workers to find jobs, and jobs to find workers. These are the concerns of this chapter.

CREDENTIALS AND LICENSES: Unreasonable Barrier or Valid Selection Standard

Preceding chapters on the skill gap and its ramifications for manpower policy makers have largely assumed the validity of skill requirements in terms of the performance expected of workers who hold specific positions. While the demand for higher levels of education and skill is very real, the realism of qualifications required for entry into certain jobs, occupational categories and professions has been subject to some criticism from academicians, manpower administrators, some personnel officers, and particularly leaders in the civil rights field.

The contention of critics of current employment qualifications is that the credential system at work in our labor market puts a premium on educational achievement, symbolized by diploma and degree requirements for entry into jobs at all levels of skill. The credentials, licenses or certificates, demanded by employers, professional associations, labor unions, and in many cases by laws regulating practice of certain occupations are designed to restrict employment opportunity to only those who are competent to perform the job in question.

The concept underlying educational achievement as a prerequisite for employment is that such qualifications certify a prospective employee as (1) more able than someone lacking the credential and (2) more likely to perform better on the job. The critics of the credential system question the relevancy of these requirements as measures of an individual's worth or potential for employment, and point out the negative effects of "credentialism" in restricting employment opportunity for those lacking formal education credentials or otherwise unable to obtain them with reasonable effort.

The big barrier to employment is the "primary credential", which has become a basic but new qualification for millions of jobs in recent decades, an entry requirement that is rarely waived. Yet, many employers requiring the high school diploma now, did not require it for the same job a decade ago, particularly in the civil service categories.

The validity of the high school diploma as a basic credential is questionable. A large fraction of today's job holders do not possess the high school diploma. Some 27.5 million workers in 1967 in a total national employed workforce of 70.5 million had achieved less than four years of high school. While only 39 percent of the workforce, these individuals were 56 percent of the unemployed over 18 years of age, and 60 percent of those out of work 15 weeks or more. One fourth of those lacking four years of high school were under 34 years of age.

The young worker who has dropped out of high school accounted for 600,000 of these individuals in 1966 reflecting a high school drop out rate nationwide of one out of five students. A significant percentage of these drop outs have high or average ability and have dropped out for reasons other than their mental ability, reasons varying from boredom to reaction to an unhealthy learning environment or to family income troubles.

The above figures were coupled with several significant reports on the research findings of a pilot study of employer hiring practices in a December 1968 Manpower Report of the United States Department of Labor entitled "Credentials and Common Sense: Jobs for People Without Diplomas". The research findings involved a study of hiring practices among New York City employers of driver-salesmen. One fourth required and one half preferred a high school diploma for this job which "required only the ability to read and write." Further, a significant relationship was discovered between the worker's level of education and his job performance.

When assessing the value of the high school diploma several historical and cross cultural facts must be remembered. The first is that the vast production of goods and services during the second World War was accomplished with a workforce that averaged only 9.1 years of school, and which included relatively more illiterate and non-English speaking workers. Secondly, the continued success experienced by North European countries, with imported production workers from the Southern European countries, many of whom do not even speak the language of the country in which they work, argues against unrealistic hiring standards.

The personnel officer who relies on the high school diploma does so for several reasons, some of which are justifiable. The high school diploma for example, may screen out the undesirable with emotional, motivational or other "hang ups" which inhibit his employment potential, yet, it also screens out all applicants however desirable, who do not possess this credential. The diploma requirement also limits the number of applicants for a specific job, which while simplifying the selection process for the personnel office, sharply reduces the possibility for optimum selection by reducing the field of choices for the employers. The entry level job may require a high school diploma because of an employer's desire for employees who have potential to ascend the promotional ladder to positions which will require high school diploma level skills.

Dr. S. M. Miller of New York University, a leading critic of the credentials system, has submitted papers to the Committee which suggest several reasons for the reliance on credentials. Miller views the role of the school as a "sorting" or "credentialing" agency rather than an agency for maximizing the potential of all students. He sees the school as functioning to certify someone as "not harmful" or acceptable. Miller also points to the role of manpower training programs as potential, new credentialing agencies. He states:

> *Experience in the Job Corps or Neighborhood Youth Corps or in Manpower Development and Training Act programs may not be primarily important in terms of providing skills. Rather, employers are more willing to hire youths who have gone through one of these self-selection and molding systems . . .* [*which*] *experience may be a new way of getting a credential which employers will accredit and accept.*[1]

This is a two edged process. While success in these programs may benefit the unaccredited student, failure caused by the same reasons which prevented his academic success is also possible.

The reasons Miller provides for the growth of credentialism are: a belief in the present structuring of occupations as optimal; a "misplaced confidence" in testing and educational achievement, reflecting a fear of exercising judgment, in effect, a presumption of the employer's ability to measure potential; and ability on an objective basis prior to employment. A related increase in the difficulty of judging post-employment achievement and results in fields other than production, such as government, or the professions, encourages reliance on prior achievement or training to evaluate employees. Miller further points to the "marshall's baton" syndrome which is an organizational promotion theory based on hiring men who are "top notchers" for all jobs, men who are capable of moving up the ladder, which unfortunately does not reflect the turnover rates in most enterprises or the fact that many workers simply are not "top notch". Another reason is the use of credentials to certify social acceptability and conformance to norms of "teamwork", a concept which reflects the non-academic side of the child's report card and the assumption that the schools are socializing institutions. This concept is expressed by Miller as "the educational failures—at whatever level—are social failures, bad risks."[2]

[1] S.M. Miller. "The Credentials Trap", invited speech National Meeting Neighborhood Youth Corps, St. Louis, (mimeo) Pg. 607, May 2, 1966.

[2] S.M. Miller, "Breaking the Credentials Barrier" a Ford Foundation report of address before American Orthopsychiatric Association, Washington, D.C., March 23, 1967.

The credentials concept extends to all occupations, but it is particularly apparent, as Miller indicates, in the professions and within these, the human service fields, where talent and productivity are exceedingly difficult to evaluate. What constitutes good teaching, effective research, valuable guidance counseling, useful social case work, or nursing, and how can we certify the competence of practicing physicians, nurses, dentists, optometrists? These are the basic problems. The labor market has answered with a reliance on prior training, tests, licenses, in effect, certificates of competence or credentials.

Our major urban service institutions are seriously affected. We have our most serious manpower shortages in the human service fields, health, education and the social services, yet, it is here that the credentials requirements are most stringent. Dr. Sumner M. Rosen, Director of Research at the New Careers Development Center of New York University informed the Committee of a "crisis of service which affects our major urban institutions. He stated in a letter to the Committee after its New York City Conference:

> *These* [*urban institutions*] *are the major sectors of employment growth in the future, particularly in the cities, they also have severe shortages of qualified and fully credentialled professionals to operate them. . . . Their learning and credentialling requirements tend to discourage minority group members, and to discourage the more dedicated, imaginative and creative from seeking to enter . . . So we have to think of new ways to staff these service institutions, ways which are more open to those without good early education or the financial ability to make it through college or graduate school. We need to recruit our nurses, teachers, social workers, etc. from the community and from the lower levels of those institutions, by upgrading programs which enable such people to learn while continuing to work and to earn incomes which, in many cases, are the sole support of their families.*

Dr. Rosen went on to recommend intensive examination of credentials: "we need to put some of these standard setting procedures and systems on the defensive, to make experiments possible which would validate whether they are really necessary, and to provide some means of pressuring for needed changes."

While the Committee views the credentials system as a "given", however unfortunate, it is viewed by some as more than a neutral concept underlying hiring practices. To James McCuller, Director of Action for a Better Community (A.B.C.) Rochester's community action agency, testifying before the Committee at its Rochester hearing, the credentials system had a more sinister objective, covert discrimination.

Mr. McCuller examining the problems of workers without jobs stated:

> *You cannot excuse hiring people because you say they are not qualified. I ask you "What do we have to do to qualify? It is impossible for me to turn white. I have to face that and talk about the fact that the largest number of unemployed are white people, and that is significant. If they cannot move in the employment system, I have reservations about my mobility in that employment system, and this is what we have to look at. Until employers really respond to manpower problems in terms of minimum backgrounds, there will be jobs without workers.*

Mr. McCuller discussed the persistence of hard-core unemployment among the disadvantaged in times of prosperity and stated:

> *It says much more about the rigidity in employers than in hard unemployed individuals. It says much more about their unwillingness to change their hiring practices, their bigoted feeling and their ideas on the limitations of the unemployed . . . the employers send to us as agencies, job descriptions, outlines of educational needs, but never any specific information on what is the minimum educational requirements for the jobs available . . . We are not a society of exceptional individuals. We are a society of average individuals, and until the employment market really examines "Do you need a high school education to perform this job, or can it really be done by a tenth or eighth grade student", we will not significantly deal with the manpower problem.*

Educational credentials are used to "screen out" rather than to "screen in" the disadvantaged applicant. It is the latter task that is crucial to alleviating the severe employment problems of these groups. An effort to reduce unwarranted "credentialism must be based on persuasion of both government and private employers of the unreality of their credentials requirements, and the ultimate cost to the employer of barring the uncredentialed yet potentially creative, productive employee." A study by Ivar Berg of Columbia, reported in the *1968 Manpower Report* may hold such a persuasive key. Berg's preliminary data tended to indicate, that "in many specific occupations in a variety of industries and firms, the lower educated may do as well as, and often better than, workers with formal training." The *Manpower Report* also added other examples of this relationship between education and performance, among textile production workers in Mississippi, and among more highly skilled workers for McDonnell Douglas Corporation in the aircraft industry. Further study may well yield evidence pointing to a conclusion that the "credentials" emphasis may be "counter-productive."

Not all credentials are specifically educational. License and apprenticeship requirements are credentials based on multiple factors. The credentials which are based on licenses required by law are of especial significance. Oscar Ornati of New York University testifying before the Committee at its New York City conference, reported on findings of Project Labor Market, a study of labor market conditions in New York City. Mr. Ornati described the impact of license requirements as follows:

> *We have found that directly or indirectly the employment of about one half million of the people in the city of New York labor force are affected by existing licensure rules. Licensing practices throughout the State lend to a reduction in the total number of available jobs and particularly to discrimination against the poor.*

In its public hearings and staff research into various credentials, the Committee has been particularly impressed with the magnitude of the barrier erected to employment of disadvantaged young people in the form of the clean police record, which is a basic credential for employment in several key fields. The disadvantaged who suffer from the "last hired—first fired" syndrome because of skill deficiencies and factors contributing to their disadvantage such as inadequate education or socialization for the better paying jobs in today's labor market, because of cultural factors have become the first victims of job requirements stressing clear police records. The prevalence of crime in the ghetto, concentrated also among minority group youths, has reached the level of what sociologists call "normative behavior". Common estimates of the chances of young people living in poverty areas having been arrested prior to age 21 run as high as 50 percent.

The juvenile delinquency rate at the 1960 census for central Harlem was 115.1 per 1000 population, for those ages 7 to 10, which was more than twice the New York City average for 1960, of 42.4 percent, as reported in the Haryou study, *Youth in the Ghetto.* This rate is based on arrests, not incidences of juvenile delinquency, many of which go unreported. The Neighborhood Youth Corps found an average of 11 to 15 percent of its urban enrollees to have arrest records.

The clean police record becomes, in view of ghetto juvenile crime levels, a most stringent credential. The disadvantaged youth suffers doubly since conviction may depend less on guilt than on circumstances of his arrest, his inability to obtain adequate legal counsel and his ability to pay for his trial. But in any event, employer hiring requirements often bar the juvenile offender. Some companies screen out all youths with arrest records, while others evaluate the nature of the offense. Federal civil service regulations for example, do not bar the applicant because of an arrest record, except for felonies which usually will deny an applicant employment for a year after sentence is completed. A recent study of apprenticeship standards in New York City conducted by the Division of Human Rights, indicated the police record to be a minor qualification in terms of numbers, but a particular barrier in some trades, involving entrance to private buildings ie. plumbers, electricians, etc.

The major problem with the police record credential is in occupations where bonding is required, or security is a major consideration. This effect is substantial in view of manpower shortages in the service categories which include building and domestic service employers, and in the financial and securities fields where growth in employment is expected to be fantastic in New York City. Often a company will not inquire about police records on its own application forms, but the required bonding application specifically asks about police records. Bonding companies reject about 5 percent of all applicants, one personnel officer informed this Committee's staff.

The U.S. Department of Labor has been experimenting with the concept of "high risk" Federally subsidized bonding for youths not otherwise bondable. But such efforts require employer participation, indeed eagerness to accept "high risk" employees.

The youth confronting the critical question on an employment or bonding application is faced with a difficult choice, as is the counselor to the disadvantaged youth with a police record. Should he falsify or not? A youngster's falsification of an employment application by denial of a police record is grounds for dismissal in private or public employment. However, where a youth knows he will not be employed because of a record, the temptation to falsify his application is substantial.

A basic question, is the scope of questioning about police records by employers, public and private, and bonding companies. Edward V. Sparer, Director, Center of Social Welfare Policy and Law, in a paper entitled "Employability and the Juvenile Arrest Record", states that 2.5 million arrests (based on F.B.I. 1963 figures) annually are not followed by conviction, and that one fourth of those arrested have not experienced a previous arrest. Employers, often do not distinguish between "arrest" and "convictions" which are, of course, qualitatively different. Sparer also reported on an American Civil Liberties Union Study of employment agencies in New York City which indicated that "75 percent of the employment agencies sampled, both ask job applicants about arrest records and, as a matter of regular and automatic procedure, refuse to refer job applicants with arrest records, regardless of whether they had been convicted or not."

The most basic question, aside from stringent employer requirements is a fundamental question of the confidentiality of juvenile arrest records in the employment market. Although juvenile arrest records are private and confidential, and "convictions" described as "adjudication for rehabilitation rather than punishment", delinquency, youthful offender, and wayward minor records are often available to public agency employers, the civil service, armed forces, license bureaus of police departments and occasionally to official social service agencies and to semi-governmental social agencies.

Private employers according to Sparer use two methods of circumventing the confidentiality of these records. The first is the employment application question, the second is a request for a waiver of confidentiality with respect to arrest records, both of which the job applicant can hardly refuse without jeopardy. While courts have barred denial of applicants because of juvenile arrest records in public state and city agencies, federal agencies and private employers can deny employment on these grounds.

A cogent example of the impact of this barrier was presented by Paul Busse of the Economic Development Council of New York City at this Committee's New York City hearing. Mr. Busse described a well-funded and prestigeously sponsored training program for machine operators for the financial industry, a pressing manpower shortage. Mr. Busse reported that 30 to 70 hard-core male young people passed the course. As to placement, he stated:

> *They did very well in the course. They were excited and enthusiastic and we went to place them—this is somewhat our fault, I didn't know this, most of them had police records. Now, these police records are serious enough to stop them from employment in the financial security industry because these are regulated by your State Banking Laws and also by the Federal Insurance Commission and the National Banking Laws. The financial institutions are trustees of your money or my money.*
>
> *Therefore, they cannot break the law by hiring somebody that has a police record and in most of these cases, a major proportion of these youngsters—apparently it is a cultural pattern—have records. Well, we found out we couldn't place them. It is a disheartening thing to go through this, get the kids all revved up and use the talents for which they were prepared. So that is a basic issue of government and it is a basic issue of the trusteeship that a banking official has, the trusts given in terms of the savings and the investments of the people that are put in his hand. It is a complicated private-public responsibility because even if you change the laws, the businessman still has the responsibility of running a good shop.*

There are no easy answers to surmounting the barriers raised by this credential of the clean record. Steps ought to be taken to protect confidential records and bar their use in denying employment, and employers must be convinced of the necessity to take the risk to "screen in" disadvantaged young people now barred from employment.

Approaches to relieving the credentials barrier are varied and are characterized by the difficulty of attacking a ubiquitious and vague system. A reduction of the importance of educational credentials is not likely in the immediate future because it would require a wholesale attitude change throughout society. Slowly however, we can move to a "jobs first, training last" approach which puts a premium on performance rather than credentials. We can open up licensure requirements, particularly in professional fields to individuals qualified by experience rather than educational certificates. As S.M. Miller suggests, we can expand channels of credentialing and open up new ways for individuals to expand credentials.

On-the-job training and education to obtain credentials after one begins his career is the approach that could produce a general upgrading of credentials. Too often our current system works ugainst those who fail to obtain necessary credentials during their basic education experience. Among the alternatives are extensive adult education opportunities, giving educational credit for relevant experience and making education for adults more relevant to experience.

Ultimately, we must re-evaluate the current structure of our careers which is in part supporting credentialism and in part supported by credentialism. The potential for developing "new careers" is the subject of the following section.

Among the most serious of our manpower problems is the problem of the "dead end" job, the lack of opportunity for advancement within our career structure for the employee who lacks credentials, or who possesses a skill in an occupation for which there is no promotional ladder. Promotion from within and on the job training for advancement to more highly skilled, and more prestigious and highly paid positions, has been suggested in Chapter Three as a means of filling skill shortages and opening up opportunities for the unskilled and inadequately educated worker. The credentials barrier and a simple lack of promotional opportunities within our present occupational structure prevent this skill ladder approach from being fully used as an occupation and income mobility device.

The New Careers concept, now enshrined in legislation, a movement and a new group of employees in many fields, the "New Careerists", is directed toward examining career design to improve the possibilities for upward mobility. The approach has centered on two techniques: (1) breaking down jobs into components, to redesign the tasks performed by professional, technical and highly skilled workers to eliminate the nontechnical or professional tasks, freeing the professional for intensive concentration on those tasks which actually require his high level of skills, and (2) providing qualifications for higher levels of employment to less skilled workers while on the job, enabling them, through released time or shared-time concepts, to obtain credentials, advanced education or skill training necessary to qualify him for advancement.

A career ladder results from successful implementation of these techniques which can provide a continuous, progressively more skilled and renumerative employment steps from the entry to the professional level. In operation such a career ladder would provide sufficient on-the-job and related educational and training opportunity to allow entry level workers to rise to their maximum performance capability. A few if not most entry workers would become sub-professionals, while several could probably, through continual promotion from within, succeed in achieving professional status.

The New Careers approach stands in partial opposition to the training programs of both government and industry which train only for an entry level job for the hard-core unemployed. In a paper entitled "A Proposal to Refocus Manpower Policy", Alan Gartner of the New Careers Development Center advocates the inclusion of upgrading and career ladders as a new emphasis to provide built-in training and advancement for those previously employed as well as those now come into our factories and businesses. Such an effort would provide motivation to these employees, remove frustrations caused by dead-end production jobs, and open up more entry level positions for new employees.

The job restructuring element is however, more immediately useful for government employment than in private industry. Job shortages within the rapidly expanding human service fields, particularly among professionals can be substantially alleviated by the redesign of professional responsibilities. The health field is a good example. As Dr. Sumner Rosen told the Committee at its New York City hearing:

> *If you look back, you will find that years ago doctors did all the work; nurses came in and did some. About 25 years ago, practical nurses performed some of the things that were naturally considered sacrosanct for nurses because of the nursing shortage; and now nurses aides come in and do many nursing functions. They know how to function as nurses, although no one will give them the cap, the degree, the status and the recognition. These shortages are better filled from within by in-service training than by finding registered nurses or getting more people to go to nursing schools. I think these are good efforts. I don't want to close those doors, but there are massive numbers of people in those systems who want to go up.*

In social services there is a professional shortage of social workers and case workers, positions requiring at least a college degree. The introduction of nonprofessionals to undertake the more routine aspects of the case worker's responsibility, clerical and paper work reporting responsibilities, escort services and counseling of an informational nature, can be a significant contribution to relieving this manpower shortage. The non-professional can be recruited from among the client population, and will gain while helping provide social services. To date case aides have been used in many positions in New York State.

The Committee was informed of a training-work experience program for welfare mothers in Rochester, The Work Education Training Center (WETC), which experienced considerable success demonstrating that welfare mothers could become effective day-care program workers, not as assistants to professionals, but as non-professional day-care aides who operated all aspects of a day-care center with minimum professional supervision.

In teaching also, there has been much use made of the non-professional as teacher aides. Data exists on the impact of teacher aides in class-room learning which illustrates that the sub-professional substantially enhances the quality of professional service given children, deriving from the aides assistance in direct instructural support. Also, in the corrections field, nonprofessionals recruited from among parolees have proven of tremendous value, adding new dimensions to rehabilitation work in correction institutions. The subprofessional has also been utilized in police and community action and other anti-poverty programs. When recruiting from indigenous ghetto residents, the subprofessional substantially increases communication between service agencies and their clients. The neighborhood worker can be extremely valuable in basic outreach services of employment agencies for example, because of his inherent grasp of the clients problem, which may have been his own, and ability to seek out the ghetto unemployed and communicate in ways the non-indigenous professional cannot master.

The essence of expanding the use of the new careers concept however, lies in the basic idea that jobs must precede training and that opportunity for advancement must be available to the sub-professional levels without separation from employment. In nursing for instance, the career ladder from nurses aide to licensed practical nurse, to registered nurse, is only a paper ladder—if the nurses aide must break off employment or be subjected to the strain of extensive schooling after work hours. Released or shared time, melding education and work, is an essential requisite.

Recognition by Congress of the utility of the New Careers concept led to the creation of a New Careers Program, as an element of the Economic Opportunity Act of 1967. The program, administered by the U.S. Department of Labor, Manpower Administration, is designed to establish new and necessary community service employment on a permanent basis. Restructuring of professional jobs, the creation of permanent jobs with built-in career advancement opportunities, and easing of professional manpower shortages in health, education, social services and public safety, are three major new careers concepts included in the program. Priorities for the program are projects with future career possibilities which can demonstrate permanent areas for those who complete training and projects that ease professional workloads.

Sponsors may include almost any State, local, public or private agency, although Community Action Agencies are given preference. Eligible individuals must be at least 22 years of age, and come from a poverty family or be unemployed.

During its first 30 months of operation, through December 1968, the New Careers Program had provided 19,361 training opportunities nationwide, with a government investment of $75,202,059. After April 1967, more than $44 million of these funds was channeled into 60 urban and rural Concentrated Employment Programs.

In New York State, $3,825,000 in Federal funds are expected to be available to promote career opportunities for 900 individuals. The C.A.M.P.S. plan for New York State ensured the earmarking of $519,171 of this to the Rochester Concentrated Employment Program and an undetermined amount to C.E.P. program in New York City.

A profile of the enrollees in New Careers program, presented in testimony before the House Education and Labor Committee, was compiled for the first time from national data on the program. Dr. Jacob R. Fishman, University Research Corporation, reported to the Committee that 61 percent of the trainees were unemployed and 28 percent were on welfare when enrolled in the program. In addition, 74 percent were non-white while a high-school diploma was held by only 46 percent. Separated, divorced, or widowed personnel accounted for 62 percent of the trainees. The program apparently attracted a high incidence of females, a reported 80 percent. Average annual income for all trainees was $4,380 and seemingly all were employed in some form of human service occupation.

The characteristics of enrollees in New Careers programs through August 1968 was released in December 1968 by the U.S. Department of Labor. The Department reported that non-whites accounted for 75.2 percent, heads of households for 61.8 percent (with an average of four persons in each household), 32.7 percent were from families on welfare, 63.3 percent had earned less than $1.50 per hour on their last job. Median annual family income was $1,934 with 53.5 percent having incomes between $1,000 and $1,999 per year.

A composite picture derived from enrollee characteristics of a New Careers enrollee, according to the New Careers News Letter (vol. III, No. 1) is: "a black woman, 22 to 44, with 10th to 12th grade education, who was head of a family, had been on welfare, and who had been out of work for close to half a year or more." In the light of this data, "creaming", selection of only the most qualified applicant, is not a New Careers Program problem.

At a cost of slightly more than $4,250 per trainee, the New Careers Program is more costly than any of the MDTA or JOBS training programs, but considerably less costly than the Neighborhood Youth Corps or the Job Corps. However, for fiscal year 1970, the Nixon administration requested $21.4 million for 7,300 positions, which averaged $2,931 per trainee. Since the New Careers program stresses quality in training, employment, and potential for advancement, the severe reduction in training cost per enrollee can only hinder the goal and success of this program. Data is unavailable on the post training experiences of the New Career Program graduates. The programs emphasis on careers, and employment in fields experiencing critical manpower shortages indicates potential strength for this approach to manpower problems.

New Careers concepts are incorporated into much legislation before the 90th Congress. Trends include explicit use of New Careers language, a recognition of the new roles the non-professional can play in professional service fields, an apparent recognition of the value of the sub-professional in terms of quality service, and of the sub-professional need for training and for professionals trained to work with him. Training was made available for sub-professionals in the early education of handicapped children, dentistry, medicine, osteopathy, optometry, pharmacy, podiatry, vetenary medicine, nursing, narcotics and alcohol addiction and prevention, police-community relations, juvenile delinquency and vocational rehabilitation. Eighteen such authorizations were approved by the 90th Congress.

The National Legislative Conference on New Careers, in Washington, D.C. January 27–29, 1969, recommended further expansion through tax incentives, a New Careers development bill for the private sector, comprehensive New Careers health and social work manpower bills, and additional financial support for existing programs.

Civil Service Systems of the Federal, State and local governments will increasingly be the framework for new career development and for relaxation of unrealistic credentials. The civil service credentials system has reached an historic culmination, a mingling of professional positions with non-professional, which in many cases does not provide the career ladder necessary for new careers implementation. Requirements for specific classifications rest on credentials and experience often unavailable to the less skilled, noticeably to the minority group individuals, except in dead end, or low level entry positions. The uniform "whiteness" of the upper echelon, middle level management and more highly skilled technical classifications has led civil rights advocates into attacks upon "discriminating" tests and hiring practices and more recently, into demands for career ladders. These latter demands have had dramatic assistance from government employee's unions who increasingly have begun to include career ladders as bargaining demands. In addition, the demand for "quotas", racially based distribution of civil service positions, has had wide currency. Government personnel officers will be confronted with stronger and more militant demands for an opening up of government jobs to the disadvantaged. Government, which is the single largest employer in our economy will have to respond.

The New Careers concept offers an evolutionary response to these pressures which will meet both the demands of the disadvantaged and undercredentialled and fill manpower shortages. The civil service credentials system and new careers was discussed by Sumner Rosen, during his appearance before the Committee in New York City. Dr. Rosen stated:

> *The Civil Service System operates to validate convention and ways of qualifying for employment or for up-grading. Conventional employment systems function by assuming that the first 20 years of ones life, or 25 if you are fortunate, is devoted to acquiring skills, knowledge, and credentials in the form of diplomas and degrees and the remaining 30, 40, 50 years of your working life builds on the foundation to build a career. We are dealing with an Urban population which doesn't have the beginning of such a credential system and therefore it is necessary to provide credentials in a different way. The slogan of the New Career Systems is to provide jobs first and then provide whatever training and education is required to qualify people for that job and you may need to subsidize the employer during that period and for subsequent movement up the ladder and secondly, to measure qualification and performance in unconventional and culture free ways. Now, in my wrestlings with the New York Civil Service System as a Director, I was told that the System's rigid constitution requires certain things. There is nothing we can do except to offer the standardized competitive written examination for all up-grading and appointment opportunities. This is not true. A little known report which was written by the Committee on Labor, Civil Service and Public Pension of the Constitutional Convention which dealt with the question of whether or not Civil Service provisions of the constitution should be amended came up with the following conclusions, or some of them: They said they won't change the language because we don't have to, the language is consistent with a great many experiments and a great many innovations such as crediting experience and background in hiring of people, qualifying people to take promotions in ways which avoid what Professor Miller has called "The credentials trap" not pre-employment credentials which one has to bring with one from the first 20 years of life setting up what we call a "Civil Service Academy Institution" which would train public employees for up-grading. There are other ways the Constitutional Convention Committee validated the basic insight which we had, the basic belief that the Civil Service System is amenable to this kind of innovation consistent with the New Careers conception of new jobs and new training in a full-blown version of that system. One gets into the exercise of job redesign, of taking packages of jobs and breaking them up in various ways, in the same way that the industrial system had many years ago, because the jobs that are done by professional and technicians can, in many cases, be broken down and done piecemeal by people with low training and education.*

Dr. Rosen suggested several action steps in an article in the *Public Employee Press* March 1967. His recommendations included:

(1) A survey of dead-end jobs throughout the civil service system, to "pinpoint every significant instance of blocked or limited promotional opportunity",

(2) A similar survey of limited promotional ladders,

(3) A systematic training system within every civil service agency,
(4) A fundamental study of examinations to remove unnecessary, unrelated questions, and
(5) A civil service academy as a source of credentials for civil service employees.

The Committee would be in an incongruous position indeed, if it failed to heed the maxim "keep one's own house in order", as it approaches manpower training programs. The State and its political subdivisions, as employers of significant numbers of workers, must awaken to a responsibility for implementing career and credentials reform. The departments of state government have been so involved. Especial note must be given to the mental hygiene and social services departments for efforts in the direction of restructuring careers. Pilot projects have begun throughout the civil service; the time nears however, for a comprehensive study and total system re-evaluation.

The New Careers approach is inherently limited only by the number of occupations which are truly dead-end in the sense of having no reasonable skill ladder potential. One such occupation is truck driving, apparently dead-end, yet highly remunerative in relation to an individual's skills. The fields of immediate interest to New Career developers are, as has been stated, rapidly expanding and offer opportunity for much growth before any conceivable limit is met. But barriers exist for individuals regardless of whether or not formal career opportunities with training are available. Dr. Oscar Ornati reported to this Committee at its New York City hearing that white upward mobility was substantially greater than Negro or Puerto Rican in selected occupations characterized by large numbers of dead-end jobs.

In a paper entitled, *What is a Dead-End Job?*, Ornati and Arie Y. Lewin report on this data, as follows:

> *Inter-firm and intra-firm occupational mobility within and between job categories in terms of a comparison between the three previously held jobs and the present one, statistically significant differences (at the .001 level) appeared. The mean upward mobility of whites was found to be 3 1/2 times higher than that of Negroes and about 7 1/2 times higher than that of Puerto Ricans. Thus within dead-end job systems, and within establishments with very many dead-end jobs, different workers are very differently bound by the classifications in which they find themselves.*

Ornati and Lewin also point out that this discrepancy in rates of upward mobility was not due to education or skill ability, because of characteristics of the workers sampled. They concluded:

> *The issue of dead-end jobs, as far as these data are concerned, and we know of no comparable ones, dissolves into a case of pure and simple prejudicial—albeit probably not conscious or deliberate—discrimination. Indeed as all the workers are within dead-end jobs, it is not the job structure that holds the Negroes and Puerto Ricans back.*

The Ornati-Lewin paper raises the question of a disguised meaning in New Careers proposals, particularly as they emanate from civil rights leaders. The hidden meaning is that new careers offer another alternative to an outright attack on discrimination in employment, by allowing higher level access points and better vehicle for occupational mobility.

The final reflection of Ornati and Lewin, "The issue that remains is the matter of what society will do for people not suited to anything but low level, low entry dead-end jobs who do not move out of them because they cannot truly do anything else," is also the ultimate limit on the New Careers contribution to manpower development. It is also, perhaps the limit for manpower development of all types, and the threshold for the income maintenance subsidy approach, and relief rather than rehabilitation.

Transportation and Communication Barriers

The credentials and career structure problems are made acute by other factors which inhibit the mobility of those who are disadvantaged. As Chapter Two indicated, intense concentration of individuals with employment problems, the hard-core, unemployed and underemployed occur in our urban slum areas. The individual handicaps of these individuals are compounded by the economic, social and geographic isolation of their neighborhoods. The "mileage gap" discussed in Chap. One is the major example of this isolation. Our surplus manpower is located far (in terms of travel time and convenience) from expanding employment opportunities. Another problem created by the isolation of the ghetto is its relative distance from communication channels. Newspaper want-ads for example, a primary communication device for letting job seekers know of employment opportunities, are rarely used in the ghetto. The pattern of seeking jobs by walking into employment agencies is also foreign to the ghetto resident, especially when such offices are downtown. This is the reason for the "outreach" concept in delivering employment services. Lumped together, this set of problems can be characterized as the failure of the normal labor market exchange processes, perhaps a communications lag. This section is concerned with the effects of ghetto isolation from the labor exchange in physical and psychological terms.

The mileage gap was treated by Dr. Ornati at our

New York City hearing. His testimony on the issue follows:

> *The suburbanization of employment has made it more difficult for the city poor to look for work as well as to get there. At the core of the problem is the fact that the public transportation network tends to lag behind the changing metropolitan employment structure. Indeed, job locations where the poor find work tends to shift relatively rapidly in response to changes in technology and product demand. Areas of residence for the poor—the slums—while varying in their boundaries are much more stable at the center. The routes of the public transportation network are most stable. Most New York City buses, to say nothing of the subways, follow the routes of the trolleys of the 1910's.*
>
> *There is thus a serious problem within the city itself to say nothing of the problem of getting to suburban job locations. In a study of the degree of which the public transportation network of the city of New York proper links up residential areas in which the poor live with locations of employment potential for the poor, we have found that in four out of five boroughs of the City of New York, it is costlier, more time consuming and more complex to travel to work for those living in the city's poor areas than for those living in middle income neighborhoods.*
>
> *What is needed is a flexible low cost transportation system oriented specifically toward employment areas not located in the Manhattan central business district.*
>
> *We have not studied in detail the problems of travel to work in other metropolitan centers of the State. Scattered information as far as Rochester, Syracuse, Buffalo and Binghamton are concerned indicate that in these, if anything, the problem is more serious. In Rochester, New York, the new highway network does a very good job in linking the larger suburbs with downtown shopping locations, while it does not link the new suburban factories with the areas of the city in which the poor live. Some students of the ghetto in Rochester ascribe to this fact much weight in explaining the Rochester riots of 1964.*
>
> *Thus, for a suburban job to be acceptable to a rational ghetto resident it must be an especially good one to offset the higher commuting costs. The combined effect of the difficulty of travel to work with the limited information about suburban jobs makes so that the "good" suburban jobs are snapped up mostly by middle class white women re-entering the labor market in large numbers. It should be noted that employers tend anyway to prefer to hire the more committed and more regular suburban workers.*

In order to be an adequate answer, transportation would have to be inexpensive, accessible, and rapid, so that work trips could be made by the disadvantaged to suburban jobs from their central city locations. While there has always been reverse commutation, the linkages between urban slum neighborhoods and urban-suburban highways are often indirect, involving considerable expense, transfers and uncomfortable waits. This transportation dilemma was noted by both the McCone and the Kerner Commissions, which were informed by residents of ghetto riot areas that difficulties and expense of transportation made suburban job opportunities outside the bounds of their employment search. Recent improvements have been noted, but mass transportation facilities for this purpose are notorious. The Tri-State Transportation Commission in a recent report, stated that 30 bus companies and the Long Island Railroad provide such transportation to and from Nassau County and New York City. Their evaluation of this service is as follows:

> *Service is generally not coordinated and transfers between routes of individual companies are not available to say nothing of transfers between the routes of competing companies.*

Financial experiments financed by the Federal government are being undertaken in the New York Metropolitan area. The ultimate result of these efforts may not be felt for several years. A second alternative, moving employment opportunities back into central cities, has already been started. Federal legislation now provides tax incentives to employers who locate or expand in areas designated as high unemployment districts. To gain the tax benefit, employers must not only hire workers but must train them. In New York State, the Urban Job Incentive Board, created by Chapter 832 of the Laws of 1968, is designed to use tax incentives to provide jobs for the disadvantaged within their poverty neighborhoods. The board would strive to provide job opportunities and job training in urban core areas by using the tax incentive approach to encourage enterprises to either locate or expand their facilities in these areas, and to hire and train residents. The board would certify businesses in core areas for these incentives and for relief from the real property tax at the option of local taxing jurisdictions. The businesses that may be certified for the various tax credits must locate or expand in census tracts of cities of 125,000 or more which have a median family income in the lowest quartile of family incomes in all census tracts in these cities. Using the 1960 census statistics, the eligible cities are: New York, Buffalo, Rochester, Syracuse, Yonkers and Albany. Through tax incentives, the UJIB encourages businesses to locate, expand and improve facilities within areas in which the median family income falls in the lowest 25 percent of all census tracts in these six cities. An approved job training program for residents of the area and continuing job opportunities for these residents of not less than 5 jobs would also be required. The tax credit against franchise and unincorporated business taxes would be computed by averaging (1) the percentage of eligible investments in the qualifying installation to the total investment of the taxpayer in the State with (2) the ratio of payroll increase to total payroll in the State. The resulting tax credit would be limited to the statutory minimum tax on businesses, and would be limited to a maximum of ten years. In no event would the tax credit exceed the eligible investment for which it is granted. As of this writing, UJIB is too new to evaluate, its starting date being July 1st, 1968, or to determine the nature and extent of the opportunities that will be available.

The passage of the Urban Development Corporation enabling legislation, during the 1968 session of the legislature, established another area of public-private partnership to produce ghetto business opportunities. The new corporation has the power to acquire, construct, reconstruct, or improve industrial, manufacturing and commercial facilities for projects located in substandard or unsanitary urban areas where a condition of substantial and persistent unemployment or underemployment, which the projects will prevent, exists and will eliminate or reduce unemployment or underemployment in such urban areas. The Corporation has ample bonding authority to undertake massive slum projects employing thousands of disadvantaged workers. The Corporation may sell or lease their facilities to private industry, thus providing seed money for even more substantial private investment. A chapter amendment to the enabling legislation of the corporation, provided that the Corporation shall take affimative action in working with private industry and labor to afford "priority" to residents of areas in which such projects are located. Vigorous pursuit of these legislative directives by the new Corporation may produce added employment opportunities for disadvantaged workers within ghetto areas.

In addition, private enterprise has attempted to encourage ghetto business development directly. One example of private industry working to increase employment opportunities in urban core areas is the Rochester Business Opportunities Corporation (RBOC), a business based, non-profit corporation that is assisting minority group persons to own and operate their own business in Rochester's "inner-city" areas. RBOC was started by citizens who were concerned by the tensions that Rochester's 1964 riot had brought out into the open.

RBOC assists inner city enterprises in four ways. By referral and recommendation of guarantee it helps enterpreneurs borrow capital to open businesses. RBOC has a roster of advisors from the business community who aid those who seek advice. Wherever possible, established businesses are asked to be customers of the new businesses. In addition, existing profitable businesses are acquired which interested applicants are allowed to purchase and operate.

RBOC began in February 1968 and has already produced some solid results. RBOC has assisted 42 businesses with a retail sales projection in excess of $3.5 million. Over 300 new jobs were created in the ghetto areas as a result of this program. These results were achieved because donations totaling nearly $250,000 from local companies have generated over $1.5 million worth of loans. Local industries contributed $2,000 for each employee. The president or board chairman of all the larger banks in the Rochester area serve as members of the board of RBOC. Besides creating opportunities for inner-city residents to own businesses, RBOC is increasing employment as well as producing a better understanding between the groups involved.

The RBOC program benefits the hard-core unemployed by opening job opportunities. It is a prime example of the approach strongly supported by President Nixon, called "Black Capitalism". The ghetto entreprenèur is a new contributor to the ghetto employment problem. As John L. Blake, General Manager of the Corporation, told the Committee:

> *We are not really talking of hard-core unemployed when we are thinking of the new contributor. When you start in business, you may be a good technician, but you are going to have to have some kind of bookkeeping, some kind of business knowledge in order to succeed. We know that the hard-core unemployed individual is normally not the individual that can start off owning his own business, but he may come into one of these businesses and grow and he will know when he comes in that the potential is there.*

Instead of moving job opportunities near pockets of unemployment, it has been suggested that low income housing should be built near expanding employment opportunities in suburban areas, and in doing so shrink the "mileage gap". This concept is attractive for a number of reasons:

1. Obviously, the residents would be in an expanding labor market.
2. No existing housing would have to be destroyed as it usually is in urban renewal projects. This is a common complaint from the "beneficiaries" of urban renewal who find that they must move at least twice in order to collect their "benefits". The areas they move to soon become new ghettos.

3. Business enterprises are many times forced out of areas slated for urban renewal further reducing employment opportunities in an area of already high unemployment.

There is already a critical need for low income housing in suburbia. The Tri-State Transportation Commission study mentioned above, noted that "the poverty conditions there (in suburbia) can be acute and in some cases may equal the widely publicized living conditions in the South." These people pay rents as high as $175 a month for deteriorated housing as well as high prices for food and other necessities. The suburban high cost of living forces many people on the welfare rolls as well as deterring others fcom moving into the area.

This approach runs headlong into suburban zoning patterns which tend to exclude low income residents through large lot zoning and bans on high rise apartments. Until this zoning restriction is lifted throughout suburban areas, the alternative of locating the disadvantaged near suburban employment opportunities is unrealistic.

Physical isolation from employment opportunity as described above is not the only form of isolation affecting the urban core disadvantaged. These individuals are often unaware of available employment opportunities and are not often reached by recruitment programs of private enterprises or even a government. Further, in many cases, the employment training opportunities available through MDTA, JOBS and other programs do not reach the ghetto residents.

This isolation creates an information shortage. As Dr. Ornati told the Committee in New York City:

> *Most people find employment by talking to friends or relatives. Word of mouth information is the most important means of finding a job. For suburban jobs informal mechanisms of job information distribution are almost completely absent for residents of the central city and for the ghetto Negroes. If all your friends live in the ghetto, if few of them have contacts in the rapidly growing suburban parts of the City, there are very few chances of learning about jobs available there. We have studied at length the job search behavior of workers employed in low wage, low skill industries and found that their behavior as far as job search is concerned is equally or more intensive than that of the rest of the population. On the other hand, their success in finding jobs is significantly lower because of their lesser access to job information.*

The ghetto resident using the word of mouth job search technique is "restricted by the limited connections which exist with the outside job world and also within the community. What little job information slum residents can get from friends and relatives usually pertains only to low level occupations", stated the *1968 Manpower Report* of this Committee.

Surveys indicate that traditional printed media fails to penetrate to disadvantaged workers. The recent experience of "Opportunity Line", a joint WCBS-TV—Employment Service, program, televised weekly last fall in New York City, dramatizes a new solution to the problem. The program attracted thousands of inquiries concerning jobs listed, many from unemployed young Negroes. Fully three-fourths of the 1500–2000 weekly inquiries were previously unknown to the Employment Service. Expanded use of these television and radio techniques may substantially increase communication between employment services and the disadvantaged, unemployed worker.

The failure of the urban disadvantaged to respond to the availability of central offices of the State Employment Service has led to the introduction of decentralization and "Outreach" concepts in recruiting the disadvantaged for jobs and job training. The decentralization has involved the establishment of neighborhood offices, use of mobile offices, and active coordination with neighborhood based community agencies. "Outreach" extends such services even further, by utilizing door to door canvassing, neighborhood organizations, and meeting places, to bring employment counselors closer to disadvantaged individuals. In some areas indigenous neighborhood residents, often previously unemployed, have been utilized to recruit their neighbors.

The problem of communication within the labor market is a problem of improving the delivery of job information by public and private employers and manpower agency's efforts must be made to insure that the job market informational flow is adequate. The Committee feels that only a comprehensive manpower development program spearheaded by a statewide manpower agency, as described in later chapters, can ultimately resolve the problems caused by insulation from the sources of job information.

Summary

This chapter has attempted to recognize and illustrate those manpower problems that are beyond training for skill shortages or improving the skills of the disadvantaged. These problems originate in deficiencies in the operation of the labor market. Credentials, career structure, and impediments to the job search exist and must be dealt with by a comprehensive manpower policy. Training alone cannot solve the state's manpower paradox. Committee recommendations in the credentials and new careers field are continued in Chapter 5 below.

Part Two: Toward A Comprehensive Manpower Development Policy: Issues and Alternatives

Part one of this report suggested several critical tasks for manpower policy. The manpower development goals developed included:

(1) Provision of an adequate supply of skilled labor to meet anticipated shortages in all fields;

(2) Improving the skills of the existing surplus manpower, the unemployed and underemployed and those employable but outside the labor force;

(3) Expanding the family incomes of the hard-core disadvantaged through productive employment;

(4) Providing a permanent system of skill training for all workers to permit maximum individual contribution to the economy, and conversely allowing maximum employment benefits for the worker and his family;

(5) Opening up skill ladders by restricting our occupational market, reducing unrealistic credentials barriers; and

(6) Developing a labor exchange to reduce barriers to occupational mobility and a free flowing job market caused by communications and mileage gaps separating workers from job opportunities.

This section will attempt to present an analysis of manpower policy as it has evolved in the state and nation, an examination of major issues and alternatives, and this committee's policy and program recommendations for an effectively implemented comprehensive manpower development policy for New York State.

5

The Evolution of Manpower Policy in the State and Nation: New Directions for New York State

Manpower policy in the complex public-private economy which has developed in the United States is not, as is the case in European industrial nations, made by any one single agency or institution. Like the more embracing economic policy, manpower decisions are made by many participants in a decentralized often uncoordinated manner.

Government is involved at Federal, State and local levels in the business of manpower policy-making. But government is not alone. Private responsibility for making manpower decisions is predominant in employment relationships. Individual workers and employers are the basic manpower policy-makers. Private decisions to invest and consume influence the level of employment. The development of workers' skills and education is undertaken by individuals, their families, local schools, and units of higher education. The role of government is supportive and complementary.

Government is itself an employer of tremendous magnitude. Some 21 million jobs were dependent on either direct government employment or upon government spending in 1966. This amounts to some 30 percent of all non-agricultural workers. The growth of government enterprise accounts for about 60 percent of annual new job growth in non-agricultural sectors. These figures reflect annual governmental spending on salaries and purchases of some $150 billion in 1966. Governmental responsibility for manpower policy, however, goes far beyond its role as an employer. Government has accepted responsibility for maintaining employment both private and public at high levels, with a related commitment to reduce unemployment and relieve its economic and social effects. In recent years, government has become involved in an active manpower or labor market policy designed to meet the manpower needs of industry and government while permitting maximum opportunity for development of individual work potential. This effort is reflected in manpower training and education programs, attempting to improve worker placement services, and assisting workers to adopt to changing demands for skills and new requirements for worker mobility. These programs represent the implementation of an active Federal manpower policy.

State government, again a significant employer, is concerned with the economic well being of its citizens. Major State and local responsibilities which are constitutionally recognized, for educating the population, contribute to the skill level of the working force. The State is, of course, involved in vocational education, two and four-year college training, and the implementation of Federal manpower programs.

The States administer unemployment insurance, workmen's compensation, and apprenticeship programs, and are actively engaged through their employment services in matching men with jobs, and through agencies such as the New York State Department of Commerce, actively promote the expansion of business within their boundaries. The perimeters of employment are maintained through State participation in implementing labor standards, legislation, ie. minimum wage and hours laws, industrial safety programs and the like. Significantly, however, most States lack manpower policy making and planning agencies independent of Federal programs, and have only belatedly become participants in active manpower development.

Today's manpower policy reflects an historical evolution marked by continued government response to aggravated economic conditions. Prior to the Great Depression, the prime concern of government was in maintaining the supply of labor. Relevant efforts included immigration policy and land grant college and vocational education assistance. The Great Depression, however, brought Federal manpower policy into active concern for the worker and the demand side of the labor market. The Great Depression with its massive unemployment and attendent economic misery initially forced Congress to adopt income maintenance programs to guarantee minimum incomes for unemployed workers and their families, and to establish a variety of programs to employ, or help place unemployed workers. These New Deal programs, notably Social Security, unemployment insurance and the employment service, marked a significant change in governmental philosophy, which paved the way for an employment policy based on active governmental economic intervention. Large scale labor shortages, created by World War II, ended depression unemployment, but more significantly, brought government into the manpower business. Federal training and education programs were developed on a massive scale with private industry on a cost-plus basis to fill the needs of wartime industry. Labor training miracles were wrought as intensive programs manufactured machinists, steel workers, electricians, welders and other skilled workers. The end of World War II brought a redirection of these efforts toward retraining and rehabilitation of returning servicemen, a concern once again assuming paramount proportions as Vietnam veterans return.

Post-war employment policy, indeed the basic Federal Commitment to full employment, stems from the 1946 Employment Act. Bailey, in *Congress Makes a Law,* provides an unusual in-depth study of the anatomy of this fundamental legislation. Some business leaders felt that government's post-war role was best limited to providing maximum freedom from private enterprise, while others, notably the C.E.D., thought economic planning was essential to full employment. Labor's contention, however, was that government had a duty to provide for full employment, a duty which required advance planning to offset business recessions, including massive public works programs, as well as unemployment compensation and higher minimum wage legislation. Federal agencies, particularly Congressional committees on post-war economic plans gave extensive consideration to "full employment", while both major political parties included some reference to full employment policy in their 1946 platforms. A full employment bill submitted in 1945 called for adoption of a "right to work principle", Presidential responsibility for economic analysis, Federal assumption as "employer of last resort" to counter massive unemployment periods, and the establishment of a congressional economic control mechanism.

The Employment Act of 1946 represented a philosophical compromise which was ambiguous and unsatisfying. Although it created the Council of Economic Advisors, the President's Report, and the Joint Economic Committee to combat unemployment, the type of action the Federal government should undertake was not specified. Instead a statement of policy was adopted, which declared a Federal committment to full employment which remained undefined. No agreement was reached on what constituted full employment. The act essentially stated that it is the policy of the Federal government to use all practical means to promote maximum employment. The failure of a major recession to appear after World War II, coupled with higher employment during the Korean conflict, limited government policy implementation to income maintenance through unemployment compensation during recessive periods of brief business cycles.

The manpower revolution created by automation caused serious concern in Congress as a hard-core of unemployment became observable during the late 1950's, and left larger residual unemployment after each recession. The United States Senate created the Special Committee on Unemployment Problems and a Subcommittee on Employment and Manpower in the Committee on Labor and Public Welfare which concerned itself with developing an active manpower policy.

Elements of this manpower policy saw significant legislative enactment in the Area Redevelopment Act of 1961 and the Manpower Development and Training Act and the Accelerated Public Works Act of 1962. The active manpower policy incorporated the following principles:

1. Social welfare could be best promoted by increased economic efficiency.
2. Relief measures, while alleviating hardships, would not eliminate unemployment, nor prevent its recurrence.
3. Provision of a productive job for all willing to work, opportunities for maximum development of individual skills, and improved labor markets as the crux of a new Federal commitment.
4. Subsidized unemployment would be replaced by re-employment at higher salaries with higher skills.
5. The Federal government lacked a coherent manpower policy and a mechanism for a comprehensive, integrative attack on unemployment.

The resulting policy statement was incorporated into Title I of the Manpower Development and Training Act which declared that the identification of manpower shortages, and the education and training of people to fill these shortages, was in the national interest. The Act stated that since improved efforts to assure a trained labor force were necessary, the Federal government was required to appraise manpower requirements and resources of the nation, and to develop data and program resources necessary to deal with persistent unemployment due to automation and other technological change. The Act instructed the Secretary of Labor to prepare an annual report to the President, which would in turn be transmitted to Congress, which would provide an inventory of resources, requirements, program effectiveness and program needs.

As indicated by the Subcommittee on Employment and Manpower in its 1964 report, the Federal government had evolved from an employment policy geared to influencing the overall level of employment, to an active manpower policy to develop manpower resources and match available resources with available jobs. The Subcommittee was quick to suggest that this program still failed to provide a comprehensive manpower and employment policy. Its suggestion was for an interrelation of all government fiscal devices including taxation and public spending with an intensive manpower development effort geared to "full employment". "Full employment" was defined as 3 percent unemployment. Governmental efforts would automatically be triggered when unemployment exceeded this limit. The Subcommittee estimated that over 7 million annual new jobs and an economic expansion equal to 5 1/2 percent annually were necessary to reach this limit. The efforts recommended included the creation of jobs in the public sector and vast expansion of manpower training and similar programs.

Manpower development and training as envisioned in the MDTA program represented an "active", if less than a "comprehensive", manpower and employment policy. Its emphasis was on filling skill shortages and alleviating unemployment related to technological change. A new element was added when the nation recognized a job crisis among the disadvantaged and declared "war on poverty" in 1964. The marriage of manpower and anti-poverty strategy accomplished by the Poverty War has linked poverty and employment problems, relief and income maintenance with rehabilitation, training and employment.

The War on Poverty was the culmination of significant social and governmental trends. The civil rights movement had reached a major peak in August of 1963, focusing national attention on Negro economic difficulties. Concurrently, officials and experts in Washington were completing a series of staff papers relating to national poverty and the "job crisis" confronting the disadvantaged. These papers resulted in the reports of the Task Force on Manpower Conservation to the Presidency of 1963, and in Chapter Two of the Economic Report of the President of 1964 which laid the foundation, and official recognition of the need to attack poverty on a large scale, an attack that must of necessity include manpower development.

The new emphasis provided by the War on Poverty, through the Economic Opportunity Act of 1964 and subsequent amendments and related manpower legislation, was the refocusing of Federal policy on the hard-core unemployed, the Negro and the urban and rural poverty areas. The effects of MDTA were not particularly noticeable among these new target groups. The non-white unemployment rate for example, was 10.7 percent, indeed the reduction in overall unemployment during the 1961–62 period stopped at 5.5 percent until late in 1964. Chronic unemployment in times of "full employment" was recognized as a major social problem.

The Economic Opportunity Act established a Federal commitment to the "war on poverty". Significantly, the programs were originally funded at an average annual expenditure of less than $40 for each of the 34 million poor, approximately $1.3 billion compared to a $15 billion welfare allocation under existing programs. Sar A. Levitan in *The Design of Federal Antipoverty Strategy* emphasizes that the size and direction of the Federal commitment were indicative of a "rehabilitation rather than relief" approach. Levitan states:

> *Accordingly, the antipoverty programs focused on providing employment and services which would hopefully help motivate the poor to escape poverty. More specifically, the act provided for the following series of major programs:*
>
> *1. To help prepare the poor to obtain jobs in the competitive labor market, the Act provided for the creation of jobs paid by government funds. Separate programs provided jobs to youths from impoverished homes and work relief for adults, particularly indigent unemployed parents.*
>
> *2. To provide a "last chance" for youths who failed to obtain a rudimentary education in school and who were not properly prepared for the world of work, the Act established residential centers where youths could acquire a basic education and learn marketable skills.*
>
> *3. To mobilize and coordinate community resources to combat poverty as well as improve and to expand welfare services available to the poor, the Act called for the creation of Community Action Programs. On the assumption that self-help is the most effective means of aid, it specified that representatives of the poor be involved in the planning and administration of these programs.*
>
> *4. Finally, to foster self-employment of poor people, the Act provided for separation loan programs for impoverished rural residents and for small businessmen.*

Subsequent experience with the Office of Economic Opportunity programs and the evolved emphasis on the disadvantaged through MDTA, which was discussed in Chapter Three, were generally found to be insufficient by 1968. The urban riots of summer 1968 and increasingly vocal demands of the organized poor, black militants, welfare rightists and other groups have stimulated a series of urgent demands for new policies designed to increase employment in the urban ghettos. The concept of massive job creation, the assumption by the government of an "employer of last resort" role, echoes through these proposals. Similarly, dissatisfaction with the relief apparatus of our welfare system has engendered demands for its automation; replacements for current programs include proposals for familly allowances and guaranteed income through such devices as the negative income tax. Federal policy is now at a crossroads. It is reasonable to assume that reaction to the failure of current programs to relieve poverty or reach resident hard-core unemployment in urban ghettos and fears of impending violence and social disorganization will effect a substantial revaluation and perhaps a redirection of manpower policy.

Recent proposals of blue ribbon Presidential commissions and ranking Congressional leaders, have begun to polarize debate on manpower, employment and anti-poverty strategy. The polarization is directed not at goals, but at means. At issue is whether government must expand its commitment to a "total" war on poverty, adopting massive job creation and on expanded income maintenance to eliminate poverty, or whether current efforts, made more efficient and expanded moderately, can provide a suitable alternative. Before discussing the more significant proposals for new directions in manpower development, it is necessary to note that the Federal government did respond to the same forces that triggered this demand for change. These 1968 changes in manpower policy are already an alternative to the 1964–67 anti-poverty strategy. President Johnson, in his Message on Manpower and Occupational Health and Safety Programs delivered to Congress on January 23, 1968, avoided an "employer of last resort" commitment, choosing instead to embark on a program for the voluntary participation of private enterprise aided by government, tax incentives for the extra costs of training large numbers of disadvantaged. He stated: "In our thriving economy, where jobs in a rapidly growing private sector are widely available and the unemployment rate is low, the "make work" programs of the 1930's are not the answer to today's problem." The public-private partnership which has emerged in recent months is best represented in the Job Opportunities in the Business Sector (JOBS) program described in Chapter Three. As the discussion in that Chapter indicates, this program is successful. It is predicated, on the three principles described in President Johnson's message of January 23, 1968, as

—To engage private industry fully in the problems of the hard-core unemployed

—To pay with government funds, the *extra* costs of training the disadvantaged for steady employment

—To simplify government paperwork and make all government services easily and readily available to the employer.

The issues involved in this reliance on private enterprise were discussed in the section in Chapter Two entitled "The Future of the Public Private Partnership." JOBS calls for the private sectors absorption of 500,000 hard-core disadvantaged placements by 1971. As the data presented in Chapter Two shows, JOBS initial goal of 100,000 jobs will be passed. Whether half a million disadvantaged can be absorbed and whether half a million new jobs for the hard-core unemployed is a sufficient number, is the unanswered question. Several major policy restatements have chosen to go beyond the partnership forged by the Johnson Administration, advocating a direct expansion of government employment to supplement job opportunities opened in the private sector.

Prior to the January 1968 Manpower Message, the National Advisory Commission on Civil Disorders (Kerner Commission) completed an intensive study of the causes of the 1967 urban riots. In its March 1, 1968 report, the Commission noted the relationship between the employment problems of the disadvantaged and civil disorders.

> *Unemployment and underemployment are among the persistent and serious grievances of disadvantaged minorities. The pervasive effect of these conditions on the racial ghetto is inextricably linked to the problem of civil disorder.*

As an answer to the problem the Commission stated:

> *We propose a comprehensive national manpower policy to meet the needs of both the unemployed and the underemployed. That policy will require:*
>
> *(a) Continued emphasis on national economic growth and job creation so that there will be jobs available for those who are newly trained, without displacing those already employed.*
>
> *(b) Unified and intensive recruiting to reach those who need help with information about available jobs, training and supportive aides.*
>
> *(c) Careful evaluation of the individual's vocational skills, potentials and needs; referral to one or more programs of basic education, job training and needed medical, social and other services; provision for transportation between the ghetto and outlying employment areas, and continued follow-up on the individual's progress until he no longer needs help.*
>
> *(d) Concentrated job training efforts, with major emphasis on on-the-job training by both public and private employers, as well as public and private vocational schools and other institutional facilities.*

(e) Opening up existing public and private job structures to provide greater upward mobility for the underemployed, without displacing anyone already employed at more advanced levels.

(f) Large-scale development of new jobs in the public and private sectors to absorb as many as possible of the unemployed, again without displacement of the employed.

(g) Stimulation of public and private investment in depressed areas, both urban and rural, to improve the environment, to alleviate unemployment and underemployment and in rural areas, to provide for the poor alternatives other than migration to large urban centers.

(h) New kinds of assistance for those who will continue to be attracted to the urban centers, both before and after they arrive.

(i) Increasing small business and other entrepreneurial opportunities in poverty areas, both urban and rural.

Basic Strategies

To achieve these objectives, we believe the following basis strategies should be adopted:

—Existing programs aimed at recruiting. training and job development should be consolidated according to the function they serve at the local, state and Federal levels, to avoid fragmentation and duplication.

We need comprehensive and focused administration of a unified group of manpower programs.

—High priority should be placed on the creation of new jobs in both the public and private sectors.

The emphasis on "both the public and private sectors" marks a radical departure from the Johnson Administration approach. The Commission recommended that one million new jobs be created in each sector by 1971 (compared to 500,000 private sector goal of JOBS program). The Commission aimed its employment program not only at the 500,000 estimated hard-core unemployed in central cities, but also at the estimated two million unemployed and ten million underemployed.

This report stopped short of an actual guarantee of employment. The President's National Advisory Commission on Rural Poverty which reported in September 1967, recommended such a guarantee declaring "The Commission recommends that the United States government stand ready to provide jobs at the National minimum wage, or better, to every unemployed person willing and able to work". The Commission also recommended a complete overhaul of all manpower programs to develop a unified national system.

Several proposals before the second session of the 90th Congress incorporate public sector job provisions as a major concept. "The Emergency Employment and Training Act of 1968", S.3063, introduced by Senator Joseph Clark, Chairman of the Subcommittee on Employment, Manpower and Poverty of the Committee on Labor and Public Welfare, would provide 2,400,000 jobs over the next four years, one-half in the public sector. In his statement introducing the measure, Senator Clark stated:

> *Let me say that I support the concept that every able-bodied American of working age should have an opportunity for a meaningful job that pays a living wage. I support the concept that as a last resort, Government should provide employment opportunities for those who cannot find employment in the private sector of our economy. This does not, however, and should not mean "make work" projects. It does mean socially useful, meaningful work which is designed to improve our communities, to rebuild our blighted neighborhoods, to improve the physical environment in which we live and to provide for all the human service needs which are not now being met.*

A more limited proposal using the creation of community service jobs in conjunction with tax incentives for private sector employment of the hard-core unemployed has been submitted by Senator Jacob Javits. The Javits proposal, the "National Manpower Act of 1968", calls for 300,000 jobs annually for two years, 80,000 in the public sector in the first year, and 100,000 in the second.

Several other Congressional proposals also incorporate public sector job creation. The seriousness of these proposals is indicated both by the caliber of the sponsors and by the extent of public debate on the concepts involved. New York State as a partner in Federal efforts can not help but observe Federal debate on these alternatives warily. While the commitment to a guaranteed job policy or expansion of the existing public-private partnership requires Federal initiative, the State of New York has considerable discretion to anticipate Federal developments and forge ahead to solve the employment problems of New Yorkers. The next section examines the State-Federal relationship in manpower policy-making.

The consequences of manpower policy debates on the Federal level will have an impact on New York

State commensurate with the State's involvement in Federal policies and programs. The preponderant role of Federal legislation and administrative agencies in manpower policy determination defines the role of New York State. New York and all other states, are junior partners in manpower development, with responsibility confined in large part to implementing Federal programs. But, New York's concern for the economic well being of its citizens prescribes a broad role in influencing manpower development.

New York's pioneering efforts in both basic and higher education, health, housing, transportation, equal opportunity legislation, unemployment insurance, workmen's compensation, public assistance, minimum wage, employee safety, and similar fields indicate a broad based commitment to improving individual productivity. Implementation of Federal legislation in fields of employment service activity, vocational and continuing education and rehabilitation of relief recipients more directly indicate State concern for manpower resources. A variety of programs designed to attract private industry to New York State and to retain industry through promitional and employer service activities of the State Employment Service, Department of Commerce, and agencies such as the Job Development Authority and the newly created Urban Job Incentive Board are conducted with manpower goals as objectives.

Despite its many manpower activities, and perhaps because of them, New York lacks a coherent manpower policy. There is no accepted, valid estimate of needs, resources, and goals upon which such a policy could be formulated. State Labor Law contains hints of a State commitment, but no statement of full employment policy equivalent to the Federal Employment Act of 1946.

Administrative policy is embodied in two illuminating documents. The *Cooperative Manpower Plan, F.Y. 1968,* prepared by the State C.A.M.P.S. committee, compiles estimates of program resources for fiscal 1968, and contains estimates of program needs for major state departments participating in Federal manpower programs. C.A.M.P.S. has not managed to develop either a long range plan or sufficient information to develop such a plan. The second document, a manpower policy statement propared July, 1967 by the Department of Labor entitled *Manpower Policy in New York State,* discusses the State's manpower responsibilities in general terms and recommends improvements in program operation and integration, while providing no data on goals, required costs, etc.

The absence of a coherent manpower policy simply reflects the evolution of State manpower activities. Since leadership in terms of commitment, fiscal resources, and program development has been Federal, New York's programs have followed the evolution of Federal policies. Employment service activity and income maintenance through unemployment insurance commenced with Federal Legislation of the 1930's, particularly the Wagner-Peyser Act of 1933 and its subsequent amendment. Vocational education efforts of the State Education Department in regular school systems, as well as the new B.O.C.E.S. and adult vocational training programs have developed in response to the availability of federal funds through the Smith-Hughes Act, the George Barden Act, and the Vocational Education Act of 1963. Enrichment of the Manpower Development and Training Act of 1962 and the Economic Opportunity Act of 1964, began State participation in manpower training and war on poverty training programs respectively. Amendments to various Social Security Acts developed Department of Social Services rehabilitation and retraining programs for relief recipients and to some extent has determined program interrelations with the Labor and Education Departments in this area. Federal enabling legislation coupled with Federal administrative guidelines largely determined the State's administrative structure for manpower programs in each of these areas.

The availability of Federal funds determines the extent of the State's commitment of personnel and funds. Federal dominance is especially relevant due to the fact that State administrative costs are in large part reimbursable from Federal funds. To what extent is this situation inescapable? Barring a massive redirection of State fiscal resources it appears the junior partner role is the only one available for New York. The fact of Federal involvement is overwhelming. The difficulties it creates are obvious. New York cannot accurately anticipate Federal appropriations, fail to respond to Federal programs as they are created, or require Federal disclosure of program plans for New York State. Budgetary processes at both levels combine to make planning short range, and state programming reactive rather than creative.

Several alternatives to these federal-state policy difficulties are available from a policy-making viewpoint. New York can develop the information needed to construct a comprehensive manpower plan designed to meet its total manpower development needs. And, with imagination, the administration of manpower programs can be better integrated and made more effective. Further, with commitment of greater fiscal resources, New York can supplement Federal funds to effectively eliminate its hard-core unemployment problem. And lastly, within its on-going program resources base, New York can innovate to do the training job more effectively and to recruit more comprehensively. The end result would be the truly workable program which the State's manpower needs require.

N.Y. MANPOWER POLICY: The Need for a Restatement

Manpower and employment policy statements appear in several sections of the State's Labor Law. These statements of public policy authorize State activity:

to provide compulsory unemployment insurance as an alternative to public welfare assistance for the unemployed (Section 501, Labor Law);

to act to prevent and reduce unemployment and reemploy the unemployed (Section 531, Labor Law);

to provide a free public employment service (Section 532, Labor Law);

to develop programs of vocational education and training (Art. 23A, Section 599, Labor Law.)

Even in light of these statements, no commitment to full employment, even to the extent of the Federal Employment Act of 1946, or a guarantee of manpower training opportunities, presently has a legislative policy statement.

The State may with validity regard its fiscal resources as inadequate to guarantee full employment in practice. We have seen the Federal government, with its greater resources, all but limited by defense commitments, balk at guaranteed employment proposals setting limits of three and four percent on unemployment. Such proposals suggest that government act as the employer of last resort, guaranteeing to all who desire to work some form of employment. The guaranteed jobs are to be triggered by rises in unemployment levels, in modest proposals, and are limited only by Federal fiscal resources in more radical schemes. The adoption of State guarantees that unemployment will not exceed a specified level will not necessarily affect hard-core unemployment. Jobs by themselves will not reduce public assistance if they are subsidized by the State. *Only productive jobs, utilizing the full ability of workers, jobs with economic value which do not require subsidy for other than training periods, will contribute to reducing hard-core unemployment.*

The recognition of a moral commitment to provide full employment is another matter from attempting full employment in practice. The Employment Act of 1946 makes this commitment for the Federal government. New York has a responsibility to its unemployed workers to commit its available resources under a similar statement of principle.

With respect to manpower training opportunities, the State has in Article 23A of the New York State Labor Law recognized the necessity of providing manpower training to the disadvantaged, stating:

> *Unless such persons are given appropriate vocational and related education and training, many of them are doomed to lifelong unemployment or underemployment and dependency on the aid, care and support of the welfare agencies of the State and its political subdivisions. . . . .*

A State which recognizes that people with inadequate skills are "doomed to lifelong unemployment" can not fail to guarantee opportunity for all disadvantaged workers to obtain skill training and retraining.

The absence of such a guarantee would appear to doom some people to perpetual unemployment. New York guarantees a free public education through secondary school to all its citizens. The public education system has failed its disadvantaged children as Chapter 1 has indicated. A logical and necessary supplement to free public education would be free employability training. The adult, however, may well require financial assistance in the form of training allowances while obtaining such free training. Lack of guaranteed allowances commensurate with the workers responsibilities to his dependents, makes even free training costly.

A Guaranteed Manpower Training Opportunities Act for New York State

THE LEGISLATURE SHOULD ENACT LEGISLATION GUARANTEEING MANPOWER TRAINING IN THE FORM OF ADULT VOCATIONAL AND BASIC EDUCATION, OCCUPATIONAL TRAINING IN THE FORM OF INSTITUTIONAL, ON-THE-JOB, AND APPRENTICESHIP TRAINING OPPORTUNITY TO ALL PERSONS WHO DESIRE SUCH TRAINING, AND WHO ARE DEEMED TO BE ABLE TO BENEFIT FROM IT. SUCH TRAINING OPPORTUNITIES SHOULD BE GUARANTEED TO PERSONS WHEN EMPLOYMENT OPPORTUNITIES FOR WHICH A PERSON IS FITTED BY TRAINING EXPERIENCE MAY BE IMPAIRED BECAUSE OF:

(1) EXISTING OR PROSPECTIVE CONDITIONS OF THE LABOR MARKET IN THE STATE OR REDUCED OPPORTUNITY FOR EMPLOYMENT IN HIS OCCUPATION OR SKILL; OR

(2) TECHNOLOGICAL CHANGE, PLANT CLOSING OR PLANT REMOVAL, DISCONTINUANCE OF SPECIFIC PLANT OPERATION, OR SIMILAR REASONS; OR

(3) LIMITED OPPORTUNITIES FOR EMPLOYMENT THROUGHOUT THE YEAR DUE TO THE SEASONAL NATURE OF THE INDUS-

TRY IN WHICH HE IS CUSTOMARILY EMPLOYED; OR

(4) WHEN LACK OF EDUCATION OR SKILLS RENDERS AN INDIVIDUAL UNEMPLOYABLE OR SUB-EMPLOYED IN TERMS OF HIS ABILITY TO READILY ACQUIRE HIGHER SKILLS AND MORE PRODUCTIVE EMPLOYMENT.

TRAINING ALLOWANCES SHOULD BE MADE AVAILABLE TO PERSONS UNDERGOING SUCH TRAINING OR VOCATIONAL EDUCATION EQUAL TO CURRENT UNEMPLOYMENT INSURANCE BENEFITS WITH ADDITIONAL PROVISION FOR DEPENDENTS. SUCH LEGISLATION SHOULD ESTABLISH MECHANISMS TO IMPLEMENT THIS POLICY, INCLUDING THE DEVELOPMENT OF A STATE MANPOWER PLAN ESTABLISHING ACCURATE ESTIMATES OF NEED AND RECOMMENDED RESOURCE ALLOTMENT ON AN ANNUAL BASIS. SUCH AN ACT SHOULD BE THE BASIS OF A COMPREHENSIVE MANPOWER RESOURCES DEVELOPMENT POLICY.

This concept proposed by the committee in its preliminary report, was the focus of testimony at the committee's public hearings in Rochester, and again in New York City. Reaction to the proposal was generally favorable. However, there were several reservations which the committee regards as valid. The first, was a reaction against raising expectations which could not be met, a suspicion that such a guarantee would be unattainable.

Leonard P. Adams, retired Professor of Labor and Industrial Relations at Cornell University, in a statement to the committee expressed this line of thought as follows:

> *I am doubtful that the State under present circumstances can guarantee training opportunities when the size of the problem and its cost are unknown. . . . At present we have only rough guesses about how many hard-core unemployed, underemployed and disadvantaged there are. Nor do we know how many of these would benefit from training if they could be persuaded to take it...Furthermore, people can not be persuaded to take training unless they can be reasonably sure of a job that will use what they have learned. Is the State prepared to guarantee a job for all trainees?*

The committee's "guarantee" would be basically a statement of principle carefully limited, as described above, to priority manpower targets. Central to the committee's thinking is a commitment to meet the State's annual manpower training needs using a variety of devices. The committee recognizes a lack of accurate data, but projecting from the C.A.M.P.S. estimates presented in Chapter 2, an educated guess is that

TABLE 16: Manpower Services to the Disadvantaged Fiscal 1969

Target Population	Use of Resources Plan	
1,160,000	Manpower Development Training	9,000
	Neighborhood Youth Corps	12,365
	Operation Mainstream	224
	New Careers	900
	J.O.B.S.	2,500
	Work Incentive Program	12,000
	Experimental & Demonstration Program	1,000
	Basic & Vocational Education	404,000
	Job Corps	5,200
1,160,000		447,189

Percent of Target Population for which programs are available——38.5%

Source: New York State C.A.M.P.S. Report, Fiscal Year 1969

1,160,000 people could benefit from manpower training programs. C.A.M.P.S. made some attempt to describe this population by disadvantagement but it cannot be designated and cataloged on a table. Persons classified as disadvantaged may be "poor, unemployed or under-employed, members of a minority group, slum resident, non-English speaking, school dropout, draft rejectee, etc."

Table 16 shows the services that will be provided to the disadvantaged in the current fiscal year. Only an estimated 447,189, or 38.5 per cent of the target population, will be able to be served this year. The great majority of those being trained will be in basic and vocational education programs (404,000). Although the target population of the WIN program is over 280,000, only 12,000-4.2 per cent—will be able to be placed this year. For the estimated 140,000 adults who are underemployed and in need of training, estimated resources will provide only 40,000 training slots this year.

But, beyond the questioning of the advisability of such guarantee, the committee received much testimony to the effect that guaranteed manpower training was *insufficient.* The manpower paradox according to many experts was not merely a problem of skills. As Chapter Four indicates, there is need for easing credential barriers, restructuring careers with the creation of new occupations and opportunities for career advancement. Also, there are directly related problems of discrimination, housing, transportation, and flow of labor market information, that must be solved. The committee regards these suggestions as well taken. Manpower training is not a complete answer.

Suggestions for expanding the committee's recommended commitment went even further however. Several individuals raised the point, that jobs, not training, is the vital ingredient where the disadvantaged were concerned. The testimony of Mitchell Ginsberg, Human Resources Administrator of the City of New York at the committee's public hearing in that city, stresses this point. Mr. Ginsberg states:

> *I would like to take this opportunity, however, to suggest an approach that goes beyond the committee's recommendations, and to urge that you consider supporting its immediate implementation.*
>
> *The committee realistically notes that expressions of good intentions about full employment are not enough. Neither, I submit, are programs of guaranteed training. The history of federally sponsored training programs contains repeated, heartbreaking examples of training that did not lead to a job.*
>
> *For this reason, I recommend that we move immediately toward a policy of guaranteed employment; the right of every able-bodied and willing person to a job. . . .*
>
> *A system of guaranteed employment could be accomplished in two ways. First, through the greater involvement of private industry. Business and industry, as a whole, are beginning to give evidence of a willingness to help government confront the nation's manpower problems. . . .*
>
> *For those who cannot be immediately productive enough to enter private industry, it would be appropriate to consider the government "the employer of last resort." By this I do not primarily mean a new WPA or public works program, although such programs do have value. . . .*
>
> *What I am talking about are meaningful jobs in the public services. One need only look at our municipal departments to see that "make-work" jobs are not necessary. The work is obviously available for all kinds of aides and assistant personnel in hospitals, health and welfare centers, schools, museums, libraries and police and sanitation departments.*
>
> *It may be necessary to consider new kinds of financing from the Federal Government to make it possible for cities to add these kinds of jobs to their payrolls. And certainly Civil Service regulations and union contracts would have to be adjusted. . . .*
>
> *There are thousands of jobs that need to be done, millions of people who could enter the public services to do meaningful jobs with futures, with perhaps substantial savings to the taxpayers as a result.*

The committee believes however, that while job training must be available to all who can profitably utilize it and that wherever possible such training should be on-the-job or directly followed by a job, guaranteeing jobs is not necessary, or economically feasible.

Government's proper role in the committee's view, is to guarantee opportunities for advancement and skill upgrading for all workers and to assist private enterprise in providing productive employment opportunity. While the "guaranteed job" concept in this light is superior to "guaranteed income" it should be used only as a last resort. Direct government hiring, unless related to providing services which are both needed and demanded, should be available only to those who are otherwise unemployable (a concept developed in the Work Incentive Program for welfare recipients).

Mr. S. Terrell Whitsett, Regional Manpower Administrator, United States Department of Labor, testified at the same hearing that government employment would have to be involved in such a guarantee. In the first instance, Mr. Whitsett cited the need for:

> *. . . a drastic revision of government employment standards and procedures must be undertaken to permit immediate hiring of the hard-core unemployed followed by appropriate OJT, institutional or coupled training to qualify each individual for a permanent job with some opportunity for advancement if his job performance is satisfactory.*

Further, Mr. Whitsett suggested:

> *. . . a guaranteed job training program would have to include some provisions for public service employment. There are virtually unlimited numbers of training and employment opportunities if we could more adequately respond to the urgent, widespread unmet needs for public services.*

These suggestions were considered by the committee with particular regard for unfilled urban service needs and the potential for developing new careers in government employment to both improve services, fill professional job shortages, and provide career opportunities for underemployed workers.

Therefore, the committee recommends that the Legislature enact a new careers program for the public sector which would be designed to;

(1) evaluate the credentials system and career structure within State employment;

(2) determine the number of dead-end jobs and restricted career ladder situations in human service fields;

(3) develop sub-professional new careers in these human service fields on a comprehensive basis and;

(4) create a continuous in-service training system for state employees in these fields.

Such a program will first involve considerable research into its cost and probable effectiveness. As an initial step, the committee recommends the Legislative establishment of an Advisory Panel on New Career Opportunities in Public Employment, to consist of recognized experts from government, the universities, public employee unions, and manpower experts from private industry. This panel would be instructed to report to the Legislature on the best approach to implementing these goals.

The committee further recommends that it undertake in cooperation with this Advisory Panel, the Senate Standing Committee on Civil Service, [,] and related Executive agencies, a comprehensive review of current training efforts in civil service employment.

As a supplemental effort, the committee recommends that it be instructed to undertake a preliminary staff evaluation of professional licensing in selected fields, to evaluate the impact of licensure as a barrier to employment. This evaluation could be the basis of dramatic new legislation designed to permit greater entry into the labor force for the less skilled and the uncredentialed.

These programs are necessary supplements to a new manpower training commitment by the State. They represent a recognition of the multifactor nature of the manpower dilemma.

The Committee's recomended commitment to guaranteeing manpower training ultimately becomes a question of cost. If the State in conjunction with the Federal government is providing training for approximately one third the number of unemployed and underemployed who could profit from it, government efforts would of necessity have to be trebled. Assuming that New York State undertakes to provide the difference between the estimated training needs of just these 150,000 underemployed and the level of Federal assistance, probably some $200 million would be required, according to Alfred Green, Director of the Division of Employment, New York State Department of Labor.

Mr. Green advocated the development of a source of revenue if such a program is to be established that would not depend on annual appropriations. He stated:

> *The financial record of the years since 1962, proves conclusively that the process of annual appropriations by a legislative body guarantees nothing. On the basis of bitter experience, one program after another is moving towards financial arrangements under which there is a dedicated source of revenue, independent of annual legislative action, and a dedicated trust fund. Just look at our State Unemployment Insurance Fund: We have $1.7 billion in it, to protect the State against the hazards of the business cycle; if we depended on the State Legislature to replenish the Fund out of annual appropriations, we would have nothing.*
>
> *Progressive foreign countries, which guarantee training opportunities for everyone, have learned this lesson. In Germany, there is a payroll tax which pays for everything—unemployment insurance, employment service, vocational counseling in the schools, relocation grants, supervision of apprentices and institutional and on-the-job training. In France and in Great Britain there are special taxes—in Great*

Britain, there is experience rating by industry. Funds derived from these taxes may be used for costs of education, allowances, or subsidies to employers who undertake On-The-Job training. Arrangements of this kind should be studied and evaluated.

The Committee endorses the need for this type of funding. While earmarked funds are often criticized as unduly restricting government, particularly when public policy goals change over time, the funds for operations of the State employment services now come from the Federal Unemployment Account, funded by a 0.4 percent net Federal tax paid by employers on taxable payrolls. Manpower development activities require a degree of advance planning and flexibility to anticipate needs that makes reliance on budget appropriations hazardous. This factor, as we shall see below in discussing the State manpower program implementation, is aggrevated by the dual dependency of the State's manpower development agencies on Congressional as well as State legislative appropriation.

The most logical source for a permanent dedicated source of revenue is the unemployment insurance system. In discussing the potential advantages of funding manpower development through the unemployment insurance system, Leonard Adams stated:

> *In New York State 0.1 of 1.0 percent of total payrolls or 0.2 of 1.0 percent on taxable payrolls would bring in nearly $40 million. There is merit in adding the cost of training to the employer's tax bill because he will eventually make a profit on what the training produces. Furthermore, the average employer's tax bill for unemployment insurance has been declining since the MDTA program began in 1962 as the following data shows:*

TABLE 16A:

Average Tax Rate as Per Cent of

Year	Taxable Payrolls	Total Payrolls
1968	2.0	.9
1967	1.9	1.0
1966	2.6	1.3
1965	3.0	1.6
1964	2.7	1.4
1963	3.3	1.7
1962	3.4	1.9

SOURCE: Unemployment Insurance Tax Rates, New York State 1967, Dept. of Labor, Division of Employment, April 1968, P. 7.

> *Some part of the decline in unemployment insurance benefits can be attributed to the greater availability of training for the unemployed and underemployed. Provision of an adequate training program is one way to prevent unemployment in the future and the unemployment insurance fund will benefit thereby.*

This concept of asking the employer to fund government manpower programs is not completely new. However, at the State level it represents a considerable departure from current practice and policy. The question that must be answered is whether such a program can be implemented in one State without creating a competitive disadvantage for the State's private employers? Would the extra cost incurred by business slow expansion in the private sector by inhibiting new employers who would otherwise enter the State? Interstate mobility among companies is a complex process, the attractiveness of a trained labor supply would to some extent balance the disincentives of higher employer's unemployment insurance costs. The Committee initially believes the magnitude of the increase in trained labor created by a guaranteed training program of these dimensions would outweigh the incremental cost of a fraction of one percent tax on payrolls. This question must be determined accurately before embarking on such a program.

The Committee, at this stage of its investigation, recommends that intensive study be given to the creation of a Manpower Development and Training Fund created by pooling available manpower appropriations and the revenues resulting from a low magnitude payroll tax collected through the unemployment insurance system.

Further, the Committee recommends that the revenues in this fund be earmarked for training the unemployed and underemployed in private industry, with priorities established annually by the Legislature and Governor.

With respect to developing these priorities the Committee recommends creation of a Business Advisory Board to the proposed fund, empowered to make independent recommendations on the establishment of annual priorities, and to provide guidance in the manpower development policies of the State insofar as the State's recources are to be committed through the fund.

Several estimates of annual yield from this tax are presented below:

- —From each 1/10 of 1.0 percent of taxable payrolls: $18 million
- —From each 6 percent surtax on taxes paid on taxable payrolls: $18 million

This tax could be reduced as the training needs of the unemployed are met.

It is obvious that in a phased program over several years, we could approach the needed levels of training for the unemployed and underemployed in New York State. Of course, it would be possible to collect such a payroll tax at the Federal level which, while side stepping the interstate business mobility issues, would lose some revenue in transfer. This alternative should however be fully considered.

Summary

The recommendations of this Committee are a significant contribution to the manpower policy debate. The Committee seeks to develop an active state manpower policy within the limitations posed by Federal requirements. In terms of the guaranteed employment programs, the Committee sees its suggestion as being far less radical, ultimately less costly to the public.

The manpower policy that has evolved to date incorporates a realistic assessment of the role of government in private employment. This Committee's recommendations would seek to improve the private-public partnership, drawing on private resources, but providing direct assistance in training and development of manpower in the private sector.

The outcome of public policy debate in the manpower development area will have serious consequences for our economic vitality and the fate of our disadvantaged population. But, manpower policy is inseparable from our income maintenance strategy. The Committee places special significance on determining the proper relationship of employment and relief systems within our economy, particularly as evidence mounts that employment policies can and are being undermined by the welfare system. Before presenting the Committee's recommendations for the program and planning changes necessary to implement a comprehensive manpower policy, the report will analyze the welfare-employment problem as perhaps the most crucial manpower policy issue.

6

The Welfare System: Issues for Manpower Policy

A social services system is in operation in New York State which by comparison dwarfs the State and Federal manpower development program. A monthly average of 1,765,771 persons were assisted at a cost to State, Federal and local government of $2,694,424,000, including slightly more than one billion dollars for medical care rather than public assistance. A break down of expenditures is provided in Table 17 from the 1968 annual report of the New York State Board of Social Welfare.

The report stated that public assistance in 1968 was provided to 3 and 1/2 times as many individuals as received it in 1958. The cost to government also increased substantially. Table 17 below outlines this increase:

TABLE 17: Public Assistance Expenditures, Federal, State and Local Governments in New York State, 1958 & 1968 (in millions of dollars)

	1958	1968
Federal	138.5	1,007.7
State	151.9	914.6
Local	145.1	772.2
Total	435.5	2,694.4

SOURCE: *Citizens and Welfare,* a Report of the Social Welfare Board of New York State, page 1, April 1969

The rate of change in both expenditures and recipients between 1967 and 1968, presented in Table 18, reveals the accelerated pace of the expanding social service system. The Social Welfare Board characterized recipients as follows:

> *Most of the individuals and families who receive public assistance in the State are destitute. They are without earnings, without savings, without help from responsible relatives (who are usually unable to help), and without any other source of help to turn to.*

Few of the individuals assisted by this system are classified by it as employable. As the Social Services Board states, "only six percent are adults considered available for employment. Some do work, even at two jobs, but the income from their jobs is too small to meet their families' needs. This smallest segment of the public welfare population represents only four percent of its costs."

According to the statistics of the State's Department of Social Services summarized in Table 17A and Table 17B, of 427,563 persons sixteen years of age and older in Home Relief and Aid to Dependent Children programs as of December 1968, 55,181, or 12.9 percent, were unemployed, while another 38,753 persons or 9.1 percent were employed at levels insufficient to maintain their families. Unemployed persons numbered 11,999 or 35.2 percent in the Temporary Aid to Dependent Children (T-A.D.C.) category, but the numerically larger 270,867 general A.D.C. program showed only 4.4 percent unemployed.

A recent study of welfare recipients in New York City by Laurence Podell, of the Center for Social Research of the City University of New York suggests that these official statistics overlook the dependents of these employable adults. Podell indicates that while only four or five percent of welfare recipients are employable men "their continued dependency directly affects probably twenty and possibly twenty-five percent" of those on welfare rolls. Further, Podell suggests that the unemployed, while only a small percentage of those on the rolls at any one time, are the most probable to leave with their families, indicating that they are a larger percentage of those who have been assisted over the course of a year. Podell's discussion relates to the program development controversy over when employment services to welfare recipients are to be directed primarily at either men or women. For the Committee's purposes, his data is sufficient to indicate potential in both directions.

The data presented in Table 17A and Table 17B above categorizes persons over sixteen years of age on the respective welfare rolls as either "unemployed" or "employed" (basically sub or under-employed). But fully 78.0 percent, those not listed, are categorized loosely as "unavailable for employment". This category consists largely of mothers caring for children. The

TABLE 17A: Employability Status of Total Persons 16 Years of Age and Older in the Home Relief and Aid to Dependent Children Programs, New York State December 1968

Social Services District		HR AND ADC		
	Total Persons 16 Years of Age and Older	Not Available for Employment	Employed	Unemployed
New York State	427,563	333,647 — 78.0	38,735 — 9.1	55,181 — 12.9
New York City	334,064	270,271 — 80.9	25,096 — 7.5	38,697 — 11.6
Rest of State	93,499	63,376 — 67.8	13,639 — 14.4	16,484 — 17.8

SOURCE: New York State Department of Social Services, Social Statistics, April 1969.

TABLE 17B: Employability Status of Persons 16 Years of Age and Older in the ADC Program

Social Service District	T — ADC		REGULAR ADC	
	Total Number of Persons	Percent Unemployed	Total Number of Persons	Percent Unemployed
New York City	25,268	35.2	210,384	2.6
Rest of State	8,821	35.2	60,483	10.7
Total — State	34,089	35.2	270,867	4.4

SOURCE: New York State Department of Social Services, Social Statistics, April 1969.

TABLE 18 Public Assistance in New York State

PROGRAM	**Monthly Average Recipients**		**Monthly Average Expenditures**		**Monthly Average Pay per Recipients**
	1968	**1967 % Change**	**1968**	**1967 % Change**	
N.Y.S. TOTAL	1,210,601	23.0	$85,404,262	46.0	$ 70.55
Adult Programs	195,229	19.8	20,474,755	35.3	104.88
Old Age Assist.	76,732	10.2	7,382,936	22.2	96.22
Aid to Disabled	41,505	12.3	4,389,286	25.2	105.75
Assist-to-Blind	3,245	3.8	386,535	17.0	119.12
Home Relief (individual)	73,747	38.7	8,315,998	58.3	112.76
Family Programs	1,015,372	23.6	64,929,509	49.7	63.95
Home Relief (family)	128,512	28.4	5,114,928	66.3	39.80
Aid to Dependent Children	886,860	22.9	59,814,581	48.4	67.45

SOURCE: N.Y.S. Department Social Services, January 1969 Report.

potential for employment of these individuals is promising if adequate day-care facilities for the dependents of otherwise employable mothers on welfare were available, coupled with employment training opportunity.

THE LIMITATION OF WELFARE REHABILITATION: The Problem of Adequate Day-Care Facilities

Obviously, the problem of providing employment opportunity for welfare recipients is intimately bound to the peculiar difficulties confronting the otherwise employable mother kept from employment by child-care demands. Any meaningful effort to replace welfare dependency with employment must direct significant resources toward releasing this woman from child-care responsibilities during the time she could be productively employed.

A prior consideration however, is the employability of these women if day-care services were available. Some 265,000 mothers with dependents receiving home relief or aid-to-dependent children assistance in December 1967, or expressed as a percentage of all persons receiving this assistance 77 percent, were mothers caring for dependent children and unavailable for employment. The employability of this group if relieved from child caring responsibilities may be indicated by some results of the above cited study of New York City Welfare Families by Lawrence Podell.

The study conducted with a sample of 2,179 welfare households in New York City during the summer of 1966 found that:

—most of the mothers on welfare attended high school, with about one-sixth having been graduated. About one-sixth however, never completed more than the fourth grade.

—eighty percent had some employment experience usually prior to their first child, although almost half worked after the first child.

—fifteen percent had no employment experience, a factor to some extent influenced by early marriage.

—thirty percent of those who worked did so for less than three years, while another thirty percent had more than ten years experience.

With respect to attitudes toward work expressed to the researchers (questionable as accurate measures of motivation, but suggestive):

—seventy percent of the mothers preferred to work for pay rather than stay at home. Of these, 56 percent wanted to work for financial reasons, 42 percent for greater independence, and 41 percent for personal satisfaction. Of those who preferred to stay home, 77 percent stated that "child-care" was the reason, while 9 percent stated "house-care" and 20 percent "health".

—sixty percent of the mothers on welfare with preschool children responded affirmatively when asked if they would rather work for pay than take care of children if there were a place they could leave children for free.

These results are presented to illustrate the Committee's belief that an adequate day-care program must accompany manpower training efforts for relief recipients. Child-care in poverty families with large numbers of children, little income, missing parents, a general lack of amenities and other disadvantages become an anchor on the wage earning potential of a female head of a household. Critical emphasis must be given to her problem, day-care facilities offered at convenient locations, without expense to the mothers, and which offer health and learning opportunities unavailable to preschool children at home can be invaluable, indeed these day-care facilities would offer the only alternative to perpetual child-care and welfare dependency. Free of daily child-care responsibilities during the working hours, the woman is able to acquire necessary education and skills and ultimately profitable employment.

Day-care facilities are however in extremely short supply. While an estimated 2.7 million children of working mothers throughout the Nation, and perhaps 200,000 in New York State alone, require day-care facilities of some kind, only 340,000 children can realistically be handled by existing facilities nationally, and perhaps 17,000 in New York State.

New York State's involvement in day-care programs is limited and bounded by the locally administered public welfare system. Creation of day-care centers or homes must wait upon the discretion of the local welfare district commissioner or upon private groups or individuals who wish to provide such services. The latter of course are available to any people able to pay the private fees though the state does supervise and regulate private day-care operations. The state financial effort—amounting to $5 million in state aid available to localities on a matching funds basis, of which $4.8 million is allocated to New York City, is confined to channeling these funds to the local welfare commissioners. The local official may either purchase day-care services from voluntary non-profit day-care organizations, pay ADC recipients to purchase such services from private proprietorships, or create day-care homes or centers as public facilities of the local welfare district. Such facilities are further distinguishable as either family day-care homes or family day-care centers. In New York State, day-care resources include 492 homes (both public and private) having a capacity of 1,451 recipients and 370 centers (both public and private) having a capacity of 15,845 recipients for a total capacity of 17,296 children. In 1967, a total 12,309 children received day-care services of which 11,620 were New York City residents (figures from New York State Department of Social Services).

The need for day-care services outside the City of New York is undeniable, as is the inadequacy of the New York City facilities. It cannot be emphasized enough that the State effort is dependent upon the initiative of the local welfare district under current law. A comprehensive response for child welfare services would have to break through the present localism of the structure providing social services to the community. Unfortunately, we cannot look to the Federal government which has extremely limited its efforts in child welfare services to a few minor programs.

The Federal Department of Health, Education and Welfare distributes a $2.8 million grant to New York State to be used for the purposes of improving child welfare services, not strictly limited to day-care facilities. From Child Welfare Service Funds, these Federal monies are at the moment dispersed by the State to promote the development of family day-care home facilities through demonstration projects lasting for a two-year period. During this time the State assumes the entire cost of the operation and upon the eventual continuation of these programs, shares the cost equally with the local district. The Federal monies are thus intended primarily as a pump-priming operation.

The Federal government does involve itself in the cost of day-care operations in another manner. If the child receiving day-care is an ADC recipient, the Federal government absorbs 85 percent of the cost while the State and local governments divide equally the remaining 15 percent cost. The cost of expanding day-care services will apparently fall heavily upon the state especially if the Federal government continues to focus its attention upon public assistance cases rather than toward child welfare services generally. In the U.S. Congress, Senator Javits of New York introduced legislation providing $60 million for added day-care facilities but the fate of this measure is not known at the publication of this report.

Another Federal program involving day-care services has evolved from the O.E.O.'s "Head-Start" program. Though such facilities have provided exemplary services for the children, local welfare commissioners presently cannot purchase these services for their clients, because the operation of the day-care facilities of O.E.O. are in no way coordinated with the efforts of the local welfare districts.

The third Federal day-care program has developed from the 1967 Amendments of the Social Security Act which mandates work-incentive programs for those people receiving welfare but who are qualified to work. Child welfare services are thus necessary to free many parents for training and eventual job holding. Based on initial projections, a minimum of 3000 children will require day-care services. The total cost for these services is estimated at $13.3 million of which the Federal government will pay 85 percent while the state and local governments will equally divide the remaining 15 percent. According to the Department of Social Services, a much more realistic projection is 5000 training slots for FY 1969. Mothers with dependent children fall into the third priority of eligibility for work-incentive; consequently for fiscal year 1969, the need for day-care services under the public assistance program may well be drastically reduced. Continuation of this program during FY 1970 will undoubtedly witness the expansion of priorities and also the numbers of welfare recipients who must participate in the work-incentive program. If this expansion occurs, adequate growth of child welfare and day-care services will be required in order to free the parents for training. Fiscally, the state and local share will increase to 12.5 percent each while the Federal government's share for day-care will decline to 75 percent. Of the nine county welfare districts in New York State participating in the Work-Incentive program, seven local districts currently provide or have initiated day-care services. Albany, Schenectady and Rensselaer counties are currently being considered for participation in the work-incentive program, requiring an additional five county welfare districts to initiate day-care services in the near future.

The upstate area provides only token day-care services with the emphasis seemingly falling upon the limited capacity day-care "home" facilities. The day-care center appears to be the realistic solution to guarantee comprehensive child services for a large number of children. New York City makes a major use of the "center" facility, caring for 11,328 children in 1967. Currently Suffolk, Nassau, Erie and Albany counties are planning or building day-care centers. Children of 3 years or above may be placed in day-care centers, but younger children require day-care from personal facilities by law. Consequently, the need for locating and expanding "home" facilities is evident and should not be overlooked in favor of large day-care centers. While the day-care center lends itself to the urban environment where accessibility is in blocks rather than miles, home facilities, or small group centers, are advantageous in the more rural areas of the State. Day-care facilities, in short, must be adaptive to the human environment.

The future need for adequate day-care facilities to free parents for manpower training and employment is unknown. The expectation that parents of low-income and welfare families will undertake training and eventually hold jobs demands that agencies, public or private, provide the necessary child welfare care. But the need has not been realistically assessed. The State is stymied by the myth of local welfare administration, while the Federal government continues to view child welfare services from the narrow perspective of the welfare client. No public agency has fully come to grips with the ramifications of this problem. Bluntly, public welfare people are a small segment of the low-income, unskilled and semi-skilled portion of our nation. If a comprehensive manpower training and employment program is to be implemented and aimed at upgrading the economic condition of these people, an absolutely necessary component must be the provision for day-care services.

In its preliminary report of June 15, 1967, this Committee recommended: "A State commitment to provide such funds as may be necessary to supply day-care for the dependents of mothers on relief availing themselves of manpower services." The Committee recommended that day-care slots should be expanded to equal increases in training slots on a permanent basis. The Committee, however, recognized a widely discussed need for day-care services beyond those needed for welfare mothers.

With these objectives in mind, the Governor and Legislature took steps to provide adequate child-care facilities during the 1969 legislative session. Chapter 1013 of the Laws of 1969 authorized the New York State Housing Finance Agency to make mortgage loans in an amount up to 100 percent to non-profit corporations to construct and equip day-care centers for children of pre-school and primary school age. These corporations will be subject to the supervision and control of the State Department of Social Services which will fix the schedule of rates to be charged parents and guardians of the children utilizing the facilities. The bill also establishes a Youth Facilities Project Guarantee Fund and authorizes the issuance of $50 million in notes and bonds for the purpose of funding the mortage loans. Other major features of the legislation permit limited-profit housing companies to provide facilities for day-care centers in housing projects they undertake and for municipalities to lease space for non-profit corporations to construct similar facilities.

Governor Rockefeller, on March 28th, 1969 by Executive Order, directed all State departments and agencies to "make appropriate space available in suitable buildings under their jurisdiction for the operation of day-care centers for children of pre-school and primary school age." The order states that the facilities shall be available to all children but that preference shall be given to those children most in need—

"especially the children of families receiving welfare assistance."

It cannot be determined at this early stage whether this action will be sufficient to provide the needed amount of day-care facilities. But within its provisions are long awaited financial incentives and creation of much needed space for these facilities. The Committee is in full agreement with the act, and urges such expansion as may be found necessary to fully provide for the State's day-care needs.

Employing Employable Relief Recipients: Progress and Problems

The employables on relief are a vital point of contention in the public debate on rising costs of the public assistance system. Prior to 1967, efforts to employ these individuals were required by law and seen in the operation of public assistance administrators. All employable welfare recipients, other than those caring for children, were required by the Social Welfare Law to register with the State Employment Service as a condition for acceptance of their application for assistance. The employable recipient had to give evidence he was continually seeking employment in order to continue to qualify. Certain allowances for expenses necessary for employment are also available. Clothing, transportation, union dues, some equipment, and fees of private employment agencies were such reimbursable costs. Authorization existed (Section 164 of Social Welfare Law) for the establishment of work relief programs in areas of unemployment, when no other suitable employment existed. In addition, several thousand welfare recipients received education and job training and participated in the many poverty programs.

Several evaluations of the total effect of these programs are available. The 1965 Report of the New York State Citizens Committee on Welfare Costs (The Maull Committee) commented upon the mandatory referral of employable welfare assistance applicants stating:

> *This has not been a successful means of finding employment for a majority of welfare recipients. As a matter of fact, the regular appearance of the welfare recipient at the employment office and the regular, almost routine, rejection of his services for employment is a demoralizing experience, deepening his dependence on public assistance.*

The Maull Committee went on to recommend the locating of an employment specialist in each welfare agency and that this specialist "interview each potentially employable welfare applicant and prepare a program of individual training needs to improve employability." Strongly emphasizing job training, the Maull Committee pointed out the basic requirement, that training, in order to be effective should result in a job. The Department of Social Services has, in fact, instituted a program of employment counseling, and several interagency agreements exist pertaining to referral of employable recipients to training activities.

The overall effect however has been minimal. George K. Wyman, Commissioner of Social Welfare in an essay entitled *The High Cost of Poverty; Everybody's Problem* which introduced the 1966 report of the State Board of Social Welfare, referring to these efforts stated, "But all of this, and everything else that is done by the 64 Local Welfare departments is not enough." Commissioner Wyman's essay sharply criticized "the piecemeal program by program, uneven, fragmented approach of welfare, anti-poverty, education and other programs" designed to overcome the problem of welfare dependency.

The Committee in its preliminary report stated:

> *A massive skill upgrading program coupled with work incentives is essential to break the upward spiral of welfare expenditures, and the cycle of welfare dependency which entraps both the state and the welfare recipient. A headstart toward such a program is embodied in the Social Security Amendments of 1967 (PL90-248) which provide for a dual purpose Work Incentive Program (WIN) for recipients of Aid to Dependent Children (ADC) and children of unemployed parents.*
>
> *The Social Security Amendments of 1967 offered the first major opportunity to develop work incentive programs for relief recipients. Although there are unfortunate limitations in this program, it promised to provide employment training for at least 5,000 relief recipients during this fiscal year, with total annual authorization 8,000-10,000. The Committee urged immediate State participation to the full measure of Federal funds available, and stated its intention to follow the progress of this program carefully, to evaluate its initial success and make further recommendations as to its expansion.*

The goal of PL90-248 is to utilize all available manpower services to restore the families receiving Aid to Dependent Children grants to financial independence and useful roles in their communities. Employment, job training, and special work projects are included as major program elements. For employable individuals, the program offers Federal funds for additional M.D.T.A.-type institutional and on the job training opportunities, and for persons for whom a job in the economy cannot be found, the program provides for the establishment of special work programs. A maintenance of effort clause guarantees additional funds will produce opportunities beyond those currently offered under existing Federal and State programs. The Secretary of Health, Education and Welfare is permitted to provide grants with private or public organizations except that no grants may be made to profit making private employers.

WIN is operated by the Federal Labor Department's Manpower Administration which uses a variety of Federal, State and local agencies in order to reach the target group. At the State level, WIN is controlled by the State Employment Service through its local manpower agencies. The legislation authorizing WIN estimates that about 757,000 welfare recipients can move into training or work experience programs by the end of Fiscal Year 1972. The estimated gross Federal cost is $841 million but the net cost is much lower because the government expects to save approximately $476 million in welfare payments. The net cost will be reduced further as the former welfare recipients become productive workers and begin paying taxes. Eighty percent of the needed funds will come from the Federal government with the remaining 20 percent arranged by, but not necessarily paid by, the local welfare agency. It may come from the State or local government or private employer. It may not include wages paid by the employer. In order to continue ADC funds, all states must enter the Work Incentive Program by July 1, 1969.

The WIN program is put into operation when welfare recipients volunteer for the program or are referred to the program by local welfare workers. Generally anyone 16 or over whose household is receiving public assistance under the ADC program is eligible for training under WIN. If a person refuses to participate in the program, he is given 60 days to reconsider and then, after hearings by an impartial body, his welfare payments may be cut off, though his family may continue to receive them. Understandably, there are some exceptions. These include the sick, elderly, full-time students, the crippled, those who live too far away from a project, any persons who must remain at home to take care of another member of the family who cannot look after himself.

Wherever possible, the local agency is expected to enroll and place every eligible welfare recipient. However, the Department of Health, Education and Welfare, which is cooperating closely with the Labor Department, has established a priority of referral. These priorities are:

1. ADC unemployed fathers currently participating in a Community Work and Training Program under Section 409 of the Social Security Act or in a Work Experience and Training Program under Title V of the Economic Opportunity Act.
2. Other ADC unemployed fathers.
3. ADC mothers and other caretaker relatives and essential persons who volunteer and are currently participating in a Community Work and Training or Title V Work Experience and Training Program.
4. ADC youths 16 years of age and over who are not in school or training and for whom there are no educational plans under consideration for implementation within the next three months.
5. ADC mothers and others who volunteer but are not currently involved in a Community Work Training Program or a Work Experience and Training Program, and who have no preschool children.
6. ADC mothers and others who volunteer and have pre-school children.
7. Any other ADC recipients determined by the State Welfare Agency to be appropriate for referral. This includes mothers who do not volunteer whether or not they have pre-school children.

Once these people are referred into the program they are oriented, interviewed, tested and counseled for two to four weeks by the local manpower agency. Those ready and able to work are then placed into available jobs. Those not ready for immediate employment are placed in work internship programs or guided into on-the-job or institutional training programs. Those found unsuitable for training or a regular job are given employment in special work projects in public agencies or private nonprofit organizations. In all cases, the type of training or employment a person receives depends upon his individual needs and abilities. Each person is then placed in a permanent job when he is judged ready for employment by the local manpower agency.

In order to attract people into the Work Incentive Program, the enrollee who goes into training receives his welfare allowance plus up to $30 a month. An individual in a special work project is guaranteed that his total income must equal at least $20 more than the amount of his welfare payments. In this way, welfare recipients can immediately see the rewards of training as they will now be receiving more than just a promise of a possible job when training is completed.

When a trainee goes into regular employment or an OJT program, he or she will be permitted to keep a sum equal to his welfare grant plus the first $30 of his monthly wages plus one-third of the remainder of his wages. The net fiscal impact for a family with no income aside from public assistance, an average of $330 a month, and one individual employed as a result of the WIN program, at $270 a month, would be roughly calculated as follows:

> Some $240 in net income after taxes and deductions. From this amount the individual is allowed to keep $30 plus one-third of the remaining $210 or $70. This leaves $140 of non-deductible income that is then subtracted from his welfare grant of $330. His total income then becomes $430 ($30+$70+$140 non-deductible income+$190 welfare assistance) or $100 higher than his former welfare allowance level. As his skill and earnings increase a reduction formula is applied to the wages-plus-incentive excess which helps to further reduce the welfare grant, while also helping to offset certain additional costs that the employer may have been compensated for while employing and training the individual. Within one year it is expected that graduates of this program will be off the welfare rolls permanently and become productive workers. Eventually, the taxes that they will pay will reimburse the government for the subsidy they received during training.

The WIN program on the local level will be managed by "teams". The team will be a small group consisting of a counselor, a manpower specialist, a working and training specialist, a "coach" (explained below) and a clerk-stenographer. These people provide the enrollee with the necessary services to help him move from orientation, through the necessary training and ultimately to job placement. Their normal caseload should be about 200 enrollees, only 50 of which should be active at any one time.

Besides the "team" concept, another unique approach that WIN uses is the "coach". This is a pre-professional position which will be the key to the day-to-day relationships between the team and the enrollee. The coach will be the person to whom the enrollee directly relates and identifies as his immediate contact in the event of any difficulty whatsoever. After the enrollee is employed, the coach still maintains contact with the enrollee and his employer and advises both whenever necessary.

Federal funds to initiate the WIN program became available in July 1968. New York State's approved budget for the program is $16.5 million with which it is to train 12,000 welfare recipients. Table *19* shows that over two-thirds of the slots are allocated to New York City with the remaining divided up between eight "upstate" projects. This heavy concentration of appropriations to New York City reflects the extent of their welfare problem which has grown tremendously. The priority of referral that HEW has established, that of enrolling ADC unemployed fathers first, will cause more than 12,000 welfare recipients to be affected by the WIN program this year.

Because of legal difficulties, WIN has begun slowly in New York State. By January 1969, fewer than 700 applicants had been enrolled into the program. However, beginning in February the program began to gain momentum. That month's new enrollments totaled 809—an increase of over 100 percent. The characteristics of the WIN applicants prove that the priorities set up by HEW are being followed closely. Over 90 percent of the new enrollees are heads of families and only 15 percent are classified as not being disadvantaged. Over two-thirds, 544 out of 809, are either non-white or have Spanish surnames. In New York City, over 90 percent fall into these two ethnic groups.

The great majority, 75 percent, are in the 22 to 44 age group and over 60 percent are males. Median education is approximately 10 years, though 20 percent have had only seven years or less. Seventy percent of the participants are in various internship programs, 22 percent are in orientation and training programs, and the remaining 8 percent are in Follow-up.

WIN accomplishments cannot as yet be measured. Thus far it is obvious that it is reaching those that the program was designed to aid. The factor that most concerns this Committee is the relative minute size of the program when its alloted enrollments are compared with the target population.

The C.A.M.P.S. report notes that 80 percent of the adults receiving public assistance could benefit from vocational education of some type. This amounts to 286,000 persons in New York State. Certainly the great majority of these individuals could benefit from the WIN program, but unfortunately, only 12,000 slots are available in the coming year. This is only 4.2 percent of the target population. However, some "slots" will be filled by individuals who require less than a full year enrollment, suggesting that somewhat more than 12,000 will be served.

Alfred Green, Director of the Division of Employment told the Committee at its New York City public hearing that within the nine target areas there were 20,000 unemployed available adults, 3,000 adults employed part-time, and about 190,000 mothers caring for children. For this reason the Committee completely endorses the WIN objectives but feels that the appropriations will have to be greatly expanded if we are to substantially provide the assistance necessary

TABLE 19: Project Budgets

Federal Funds and State 20% Matching Funds Combined

Project Name	Slots	Approved Budget
New York City	8,400	$11,643,421.25
Erie	1,200	1,446,203.00
Monroe	200	266,160.62
Nassau	200	296,380.25
Niagara	400	601,666.25
Oneida	400	441,245.00
Onondaga	400	558,916.75
Westchester	200	277,233.25
Suffolk	600	679,162.50
State Administrative Costs		291,216.25
TOTAL	12,000	$16,501,605.12

to make welfare recipients employable and productive members of the work and society.

Another limitation on WIN is that recipients of home relief assistance are not eligible within this category. There are 23,917 unemployed and others employed at wage levels which require welfare subsidy. The Committee shares the concern expressed by Alfred Green at its New York City hearing, "I'm afraid that these people will get lost in the shuffle because there are no slots for them. With the availability of State monies a program similar to WIN should be set up for home relief clients."

This suggestion is well taken and the Committee recommends that serious consideration be given to establishing a WIN type program for home relief clients. Home relief is a State-local financed system, more anemable to State legislation than the ADC program. Any direct reduction in the families dependent on home relief assistance due to WIN type efforts would directly benefit State and local taxpayers. Home relief is particularly crucial because it is a category containing largely the working poor and more specifically, whole families. The Committee would tie this recommendation to its comments below on extending the unemployment insurance mechanisms to provide the cash benefits and training necessary to maintain the families of the temporarily unemployed without resorting to welfare assistance or temptation for the male head of household to abandon his family responsibilities in favor of maintaining his dependents on ADC assistance.

Further, the Committee recommends that the Federal government expand its WIN efforts to levels approaching need, and urges the State government to participate actively in funding its share of any such expansion.

Coupled with day care for the welfare mother, the WIN program is as far-reaching a rehabilitation effort as the State has yet seen. It provides financial incentives and an opportunity for skill upgrading. However, the Committee would echo the cautionary comments of J. Terrell Whitsett, Federal Regional Manpower Administrator, testifying at the New York City hearing of this Committee. Mr. Whitsett said:

> *With three-fourths of all welfare recipients considered unavailable for work, it appears to be unwise to set up a reduction in the welfare rolls as a criterion for the success of the WIN program. I believe the problem is too complex to be reduced to such a simplistic standard. Other pressures, many of them uncontrolable under present policies, will converge to assure rising numbers of new welfare recipients in the AFDC category in the next several years. We should not look to any single program, no matter how ably planned and administered, for a solution to anything as massive as the steady trend to increasing dependency in the American underclass.*
>
> *What we can look for is gradual development of a means for many of the disadvantaged individuals now trapped in dependency, through a humane and imaginative combination of manpower services and job development. If we focus such measures upon the men whose families can leave the rolls with them, we will be restoring family ties, breaking the generational momentum of the welfare syndrome, and achieving the maximum impact of our limited resources.*

We should note in discussing the WIN program that its most serious limitation is inherent in its approach to employing relief recipients. While providing an incentive for recipients to seek employment, reducing the costs of maintenance through public assistance, it could conceivably become a serious incentive for the working poor to seek assistance plus the incentives as a larger family income than the family would receive through earnings alone. This also will be discussed in more depth below.

The incentive to work which is the strength of the WIN program, basically $30 and 1/3 of earnings, will determine its success. Suspicion exists that the incentive is not much of an incentive. Jack R. Goldberg, Commissioner of Welfare of New York City, questioned the value of this incentive. He stated, "The size of the incentive [of the WIN program] is very well liable to throw out the baby with the bath water. $30.00 a month and a third is not an economic incentive." Mr. Goldberg advocated using the $85.00 a month plus 30% incentive underway on an experimental basis in New York City and extending the incentive to home relief target families to better aid the male bread winner. In describing the New York City incentive, Mitchell Ginsberg noted that, "More than 2,500 persons, representing about 10,000 in their families, have taken advantage of this incentive program and this have both increased their incomes and reduced the amount of public assistance they receive." Mr. Ginsberg also recommended the extension of the incentive statewide.

The effectiveness of a work incentive of any specific amount is difficult to determine. The value of the incentives goes to the heart of the issues discussed in the next section, the impact of public assistance on the individual's decision to work.

WAGE LEVELS AND WELFARE BENEFITS: Relief as an Alternative to Employment

However laudatory these efforts at rehabilitating employable relief recipients, and aside from the emotional debate of removing the welfare "fakers" or "freeloaders" from the rolls, a more basic consideration is that public assistance is an undeniable alternative to employment for the unskilled wage earner with a large family who cannot qualify for productive employment at other than minimum wage levels.

Simply stated, when welfare benefits exceed the earning capacity of heads of households of low income families, welfare becomes an obvious alternative to employment. There are many individuals with families that can qualify only for minimum wage employment, and at the same time, many jobs exist at low skill levels which have an economic value of only the minimum wage level. Even discounting those low income wage earners who could qualify through increased skills for more highly paying jobs, we are left with the unavoidable instance of individuals with families who can only qualify, for one reason or another, for unskilled minimum wage labor. Mitchell Ginsberg discussed the problem at the New York City hearing. He stated:

> *As the Committee has recognized, the problem of subemployment, or employment at very low levels, may equal the problem of unemployment in its influence on maintaining dependency. Unfortunately, a solution to this problem is even more difficult to find than one for unemployment.*
>
> *We must recognize that even with massive training programs, there will always be those who are equipped only for jobs at the lowest end of the wage scale. We also must recognize that these are jobs that are necessary to the economy.*
>
> *It is here that we face the greatest dilemma: how to provide family-supporting wages for low-skilled jobs. In some cases, as with sanitation workers for example, a group of lower-skilled workers have enough organized power to command a decent wage. But with most low-skill workers, this is not the case . . .*
>
> *In our efforts to provide a substantial proportion of New Yorkers in poverty with a minimally decent standard of living, we have increased public assistance payments until they are, for the largest families, competitive with the salary that a full-time worker can earn at the level of the minimum wage.*
>
> *For several thousand families, then, we have used the resources of the State and Federal government to lift incomes to the poverty level. We fully recognize that this creates a problem of incentives. But I submit that when given the choice of providing some families with a decent standard of living or withholding it from all—the choice is obvious.*
>
> *It is now incumbent upon us to find ways to make an adequate income available to everyone at or below the poverty line.*

Nicholas Kisburg, Legislative and Research Director of Teamsters Joint Council #16 in New York City in a paper entitled *Collective Bargaining Is Not Enough,* pointed out that the minimum wage worker ($1.60/hour, $64/week gross) head of a four person household, would take home $59.88/week. "Obviously, this family is eligible for supplemental home relief." On an annual basis, this yields $3,113.76. By comparison, the same family on welfare in New York City in

1968 after cost of living increases went into effect, depending on the age of the children, would receive between $2,224 and $3,064, exclusive of rent and heating fuel allowances which averaged $100 monthly, bringing the welfare annual income to $3,424 (if the oldest child is five) to $4,264 (if the oldest child is 18). There is then an obvious economic benefit to this family if it accepted welfare assistance at these levels.

The Effects of Welfare Programs on the Decision to Work is the title of an excellent analysis prepared for New York University's Project Labor Market by Elizabeth F. Durbin, in August 1968. This report examines the economic choices available to low income families in view of existing levels of welfare assistance, and will be utilized heavily in the following discussion of this issue. As suggested above, work requirements and earnings regulations within the welfare system do not provide a free choice between welfare and employment. As the Durbin study states, "in the absence of a work requirement, the *earner* would have to be paid more than the welfare income to be induced to work". If the worker were not required to work he could have leisure and welfare income. In New York State, (except for the WIN and experimental incentive programs) the earnings of a worker are deducted from his family's welfare benefit on a 100% basis. WIN operates to permit the family head to give up leisure to earn more income. The lure of the incentive depends, of course, on its size.

The Durbin study states the effect of the work requirements as:

> *The imposition of such requirements on the economic choice between work and welfare, has two important results. First of all it means that people do not have a choice between work on the one hand and leisure with welfare on the other. Thus the people who are required to work do not have to be paid to give up their leisure, and consequently will be prepared to stay off welfare and work* at a lower wage *than they would without the requirement. Secondly any work requirement will impose a strong incentive to appear unemployable; this is especially true for those whose market possibilities yield an income below the welfare floor, since they will clearly be better off receiving the welfare income plus full time leisure.*

The availability of welfare assistance affects the male head of a family most significantly. For the low income family Durbin suggests that "welfare clearly acts as an incentive to establish, or at least to appear to establish, the family in a situation such that some members are entitled to receive welfare". Because of the attractiveness of welfare benefits to the minimum wage family head, a father in such a family might according to Durbin, "clearly be better off if the father can avoid the rules by not entirely deserting but reappearing and supplementing family income on the side, either through work or other means."

The father, as Durbin indicates, does not have to be the legal husband, but simply the male who by general standards of paternal responsibility "would expect and be expected to support the family".

Durbin examines the effects of the discrepency between earnings capacity of the male and welfare benefits as follows:

> *In the long run it is most probable that the lack of a sufficient earnings capacity of men becomes a factor in deciding not to get married in the first place, or subsequently in deciding to go on welfare. If men cannot expect to earn much more than welfare income can provide for the family, there is certainly no strong incentive either to marry or to stay together. Thus the issue of desertion is also related to the inadequacy of earnings potential by men. As already indicated there may be additional incentives to appear to have deserted, so that mothers and children can be supported on welfare, and fathers supplement income on the side.*
>
> *Furthermore there is clearly some economic advantage for the group affected by the existence of welfare to maintain fairly loose ties between men on the one hand, and women with the children on the other. For the mothers can obtain a steady, if low, income from welfare, while the men have more flexibility to come and go, to work or not, to purchase things for the family or not, with less risk of being caught and losing the welfare status of the women. In short, for the wider social group, it is possible to increase the income of the whole group both because the mothers can acquire welfare benefits and the men can work. Thus it would be much too simplistic to view such informal family patterns as a deliberate intention to cheat the welfare system. For in any case, there may be considerable informal pooling with other family members and friends who are not required by law to contribute; certainly any system which requires the deduction of any regular source of support from the welfare benefit, encourages more informal supplements to income even if it's only candy for the kids.*
>
> *It might even be argued that as labor market conditions improve, ADC, the program for mothers and children without support might be expected to increase. For if families are true income*

maximizers, as soon as the father, or other male supporter, could expect to earn more than the marginal net addition of his welfare allowance to the total family welfare benefit (net in the sense of allowing for the cost of separating), then it would be to the family's benefit for the mother and children to go on welfare, and the father to live separately. In short as long as unemployment rates are high, one would expect families with a father to be on welfare; but as job opportunities improved, it would not be altogether surprising to find more families being deserted.

Commissioner Goldberg stated the problem quite graphically at the New York City hearing. He said:

> *It is perfectly conceivable that if my wife and three kids were on public assistance receiving $4,000 approximately and I could live down the street a couple of blocks and earn through legitimate ways, anywhere from $2,000 to $4,000, now our economic pocketbook would represent from $6,000 to $8,000. If I go home and live with my wife and kids, as a full household, it costs me money to do that and I think clearly this is a critical issue for your Committee to examine the impact of the manpower policies and welfare policies on the entire family.*

The effects of illegimate births and fatherless families have had an expensive effect on welfare rolls and expenditures, which reflect the wide-spread instance of father absence from low income households. The U.S. Bureau of the Census publication *Trends in Social and Economic Conditions in Metropolitan Areas,* February 7, 1969, presents data which indicates the gravity of the problem and its increase in the last decade. Table 20 from this study compares the change in Negro and white families by the sex of the family head over the period 1960–68.

The results show a startling growth rate (83 percent in large metropolitan areas) in the number of Negro families headed by females compared to white families. The report also stated that in central cities white families of the husband-wife type represented 88 percent of all white families in 1968, while Negro families of this type equalled only 67 percent (a decline from 74 percent in 1960). The proportion of families headed by women varied inversely by family income, as Table *21* shows. The trend was particularly strong for Negroes and represented a growth from the 1959 figures presented. The Census report also showed that the rate for Negro children living with both parents in the income interval under $4,000 was only half the white rate. These statistics are complementary, showing a basic pattern of family breakdown which has grown progressively worse over the last decade. Its significance for this discussion rests in the proportion of Negro welfare recipients which was approximately 45 percent in New York City.

The Teamsters Joint Council #16 presented the issue of father absence dramatically in its widely disseminated research study, *The Enemy Within: Illegitimacy in New York City,* discussed at length with the

TABLE 20: Change in Number of Families by Sex of Head, 1960–1968 (Numbers in thousands)

	White		Negro	
	Number	**Percent**	**Number**	**Percent**
Central cities:				
Male head	—757	—7	172	11
Female head	155	12	294	60
In Metropolitan areas of 1,000,000 or more:				
Male head	—707	—12	149	15
Female head	109	16	245	83
In Metropolitan areas under 1,000,000:				
Male head	—51	—1	24	4
Female head	46	8	49	25

Committee chairman and staff by Nicholas Kisburg. The Teamsters report documented the instance of out of wedlock births (a major source of ADC cases) in New York City. Out of wedlock births are presented as a total of all live births, white, non-white, and Puerto Rican live births in Chart 8. In the 1957–67 period in New York City, 16.7 percent of all births were out of wedlock. During this same period, 38.3 percent of non-white and 21.9 percent of Puerto Rican births were in this category. This represents as Chart 8 indicates, a substantial growth rate over the decade in all groups of out of wedlock births, and by implication, of households headed by females.

The Teamsters' report makes the obvious link between these developments and the welfare system stating that the argument that

> *. . there are virtually no employable males on welfare beclouds the issue. The real issue . . . is that vast numbers of mothers and children are legitimately requiring public assistance because legal and putative fathers are unwilling or economically and psychologically unable to accept the responsibilities of paternity.*

The Teamsters' report claimed that there was a 68 percent increase in the number of ADC cases accepted "because of illegal abandonment or absence of a legal father" between 1965 and 1967. This report goes on to state that a different standard of paternal responsibility has been established because of the welfare system for the low income father.

> *A working class or middle class American, white, non-white or Puerto Rican, who chooses to leave his family is normally required first to go through legal proceedings and thereafter devote much of his income to supporting them. The fathers of families that ultimately wind up on the relief rolls, however, simply disappear. Only a person invincibly prejudiced on behalf of the Poverty subculture will deny that there are attractions in such freedom of movement. Again, only that same prejudiced person will deny that the still grossly inadequate but steadily improving family relief and child-aid programs in New York City explains in a large part the increase in the number of illegitimacies, abandonments, separations, consensual unions, and matriarchal families.*

The Committee, while not in full agreement that the welfare system is the prime cause of this father absence syndrome, must agree that it is at least a major contributing factor to contemporary social problems. The disincentive to work inherent in the existence of a highly developed, highly visible income maintenance system which is provided through public assistance is the most serious challenge to manpower policy. It must be recommended that governments' manpower development and employment policies, directed at opening up employment opportunities for all its citizens, and income maintenance policies designed to provide floors of purchasing power and minimum incomes, stem from the same policy making sources. Inconsistencies in these parallel efforts to provide for the well-being of the individual trouble this Committee and other concerned agencies.

The historical breakdown in Negro family structure and its impact on the social disorganization of the

CHART 8: Out-of-Wedlock Births as a Per Cent of New York City, White, Nonwhite and Puerto Rican Live Birth Total, 1957—1967

Year	New York City	White	Nonwhite	Puerto Rican
1957	6.9%	1.7%	24.0%	10.7%
1958	7.7	1.9	25.1	11.6
1959	8.0	2.1	25.0	11.4
1960	8.4	2.2	25.5	11.7
1961	9.3	2.7	26.7	12.6
1962	9.9	2.8	27.5	12.5
1963	11.0	3.3	29.1	12.9
1964	12.2	3.9	30.5	14.7
1965	13.2	4.3	32.2	15.4
1966	14.5	4.8	35.3	18.2
1967	16.7	5.3	38.3	21.9

SOURCE: Derived from, *The Enemy Within: Illegitmacy in New York City,* Teamsters Joint Council #16, June 30, 1968.

TABLE 21: Female Heads as a percent of All Family Heads in Central Cities, by Family Income (1967 dollars)

	Total		White		Negro	
	1967	1959	1967	1959	1967	1959
All families	15	12	12	10	30	23
Under $2,000	44	38	36	31	61	51
$2,000 to $3,999	33	23	23	20	54	29
$4,000 to $5,999	22	11	20	11	27	14
$6,000 to $7,999	14	7	12	7	21	7
$8,000 to $9,999	8	7	8	7	12	6
$10,000 and over	5	5	5	5	6	9

SOURCE: U.S. Dept of Commerce, Bureau of Census, Current Population Reports Series P23, No. 27, Trends in Social and Economic Conditions in Metropolitan Areas, February 7, 1969, pg. 15

poverty community, graphically analyzed in the notorious or at least controversial Moynihan report, is closely related to manpower policy.

But this is, as the above data indicates, not merely a Negro but perhaps a class problem. The breakdown of the low-income family is due to inability of the breadwinner, traditionally the male, to obtain and hold employment which can produce a decent family income. Since he is not a breadwinner, or family provider, he provides little leadership in public or private for his family or his community. The absence of such leadership is not in keeping with the culture of the white community in America. The pattern of orientation to the values of society becomes disturbed, and in our ghettos, new values have risen which contradict the values set on productive work by the white community.

The long term solution to the social patterns created by the poverty cycle can only come from the rehabilitation of the lower class male. As the Moynihan report stated: "Work is precisely the one thing the Negro family head . . . has not received over the past generation. The Negro, and the poverty male generally, without adequate employment opportunity cannot adequately support his family even if he wished to do so." This discussion indicates that our welfare system does not encourage him to do so.

The question for manpower policy, if the solution to the economic plight of the poor revolves around employing the male, is whether manpower efforts—education and training, opening employment opportunities, removing obstacles to employment and career advancement, job development, and wage level support—can produce gainful employment for these men and an alternative to welfare dependency for their families. The Moynihan report emphasized the role of the armed forces in providing three critical social experiences for the Negro male, (1), a moment of equality with whites on a man-to-man basis; (2), an environment of male dominance, authority and dicipline, and; (3), the acquisition of education and vital skills. The Committee contends that satisfactory employment experience can duplicate these benefits for all disadvantaged men. The question remaining is, Can manpower policy and programs provide satisfactory employment experience?

The answer to the above question depends on a reorientation of our income maintenance and manpower policies, which must be made to complement rather than contradict each other in approaching the poverty problem. From the point of view of income maintenance policy, the problem facing our public assistance system, as Elizabeth Durbin states in her above cited study, is to "provide a minimum income to support those who, for one reason or another cannot support themselves, without interferring directly or indirectly with the processes by which individuals of families can seek to become, through employment, partially or totally self-supporting." For manpower policy, the problem is one of providing self-support for these families through employment so that they receive an income above welfare subsistence levels which must be provided to some extent regardless of their earning capacity or the real economic value of their labor. Durbin suggests that there are only two paths to this goal: (1) raising earning capacity to equal or surpass the socially accepted maximum and (2) redistributing income from those earning more to those earning less. Minimum wage level standards and efforts to upgrade the skills of the labor force represent the first approach, income maintenance through public assistance, tax deductions, family allowances or other approaches, reflect the second. Which of course brings us back to the basic question quoted earlier from Mitchell Ginsberg: How to provide family supporting wages for low-skilled jobs?

Many alternatives have been suggested to the Committee for achieving the desired results. Among these the most obvious is lowering of the socially accepted minimum, the welfare benefit, to make existing minimum wage levels more satisfactory. The Committee is satisfied that welfare levels reflect well-researched needs of families living with todays' price structure and are of subsistence levels. No one can argue that $4,264 is a comfortable living scale for a family of four. This is even more relevant in view of the substantial reductions in standards of assistance enacted by the 1969 Legislature and signed into law as Chapter 184 of the Laws of 1969 by the Governor. This new schedule reduces the maximum family allowance for the family of four in New York City, for example, by $14 monthly. Reductions in the welfare allowances have the unfortunate effect of penalizing children for their parent's activities.

This does not rule out similar efforts to make welfare a less attractive alternative to employment. The Legislature and Governor during the 1969 session took several fundamental steps to tighten work requirements. The new legislation demands that welfare recipients accept employment in which they are able to engage or face rejection from eligibility for public assistance. Previously a recipient was rejected only if he failed to accept a position "for which he is fitted and which he is able to accept." An individual will also be disqualified for failure to register with the employment service at least once every two weeks, and failure to report to a job interview, to report the result of such an interview or failure to report for employment.

Chapter 186 and 189 of the Laws of 1969 attempt to strengthen work requirements by toughening provisions relating to paternity responsibilities and support for out of wedlock children. Inquiry into the paternity of these children is required and social services officials are required to communicate with and seek support from persons legally liable to support applicants and children. Applicants may, in certain circumstances, be required to institute paternity proceedings and be required to cooperate in establishing paternity. Social services officials are required to ascertain and initiate steps to legally establish paternity, locate parents whose whereabouts are unknown, determine parents ability to support the child and arrange for enforcement of support orders. The net affect of these policies is of course, impossible to estimate at this time. The cumbersome and lengthy delays associated with paternity proceedings, the number of cases involved, and staff resources available to social services departments, suggests however, that these results will not be overly successful.

The alternative to reducing the economic attractiveness of welfare, is to increase the wages available to the low-skilled worker. This report has already indicated that the minimum wage is an insufficient incentive to seek employment rather than public assistance. An obvious alternative is an increased minimum wage. The minimum wage is however, a controversial income maintenance tool. Any increase in the minimum wage theoretically works to the disadvantage of the unskilled worker, by decreasing employment opportunities, since there would be a tendency to hire additional semi-skilled workers at a wage slightly above minimum than pay more for the same number of unskilled workers. Also, employers might tend to use temporary help at sub-minimum wages, students and housewives, for instance, rather than pay higher minimum levels to full-time unskilled workers. Further, economists suggest inflationary tendencies created by increased minimum wages would tend to cancel real gains in purchasing power.

As a matter of economic policy, the State has traditionally followed a pattern of increasing the minimum wage in conjunction with Federal increases. There is substantial fear that a higher minimum in one state puts its business enterprises at a competitive disadvantage to other States within the same economic market. Considering the growing awareness of a competitive disadvantage for industry in New York State, higher taxes, wages, etc., this becomes a crucial limitation on direct State action to raise the minimum. Action in this regard must be initiated at the Federal level under current intergovernmental minimum wage policy.

Some minimum wage increase advocates question the validity of this argument. The Teamsters publication cited above on illegitimacy in New York City recommended among other things, a minimum wage increase in New York City. Mr. Kisburg was quoted as saying:

> *The city can and must increase the statutory minimum wage. . . . The argument against a higher statutory limited to New York City is that the exodus of business will be stepped up. But we already have a higher minimum wage than the cities in the adjacent states—limited at this time, to welfare recipients. . . . If we can afford, and we can and should, higher welfare allowances than the surrounding area, we can certainly have higher minimum wage standards for those males who can and must work.*

The Committee feels however, that minimum wages should only be established, if necessary, on a Federal or perhaps on a multi-state economic areas basis, possibly by using the interstate compact device. Committee staff will explore this latter possibility in coming months to determine its feasibility.

The minimum wage vs. welfare benefit problem exists only for larger families, for it is only at the two-three child level that the public assistance allowances are substantially more attractive than minimum wages. The problem then becomes one of subsidizing the minimum wage for the male head of the household.

As Commissioner Goldberg stated at the New York City hearing:

> *What I say very simply is that $1.60 an hour which represents the lowest part of the wage scale of the City of New York is simply not enough for a family to subsist on and that we have to address ourselves to the fact that we must have some kind of wage subsidy program or some supplemental program to go alongside of this $1.60 because it seems reasonably clear that on the economic market place some of the jobs that are involved do not value more than $1.60.*

The approaches to providing such a subsidy all involve Federal actions. Among these are provisions for a uniform national family allowance income tax relief for the working head of household, and proposals for a negative income tax, the last as a replacement for our current public assistance programs.

The family allowance plan would institute in the United States an allowance which many major industrial nations have long provided. The family allowance is implemented, in Great Britain for example, through a dual system. "Post office" allowances are paid directly to all families on a monthly basis, while tax exemptions are provided for income tax paying families in addition. Canada, in 1944, initiated such an allowance, which incidentally led to serious consideration of such a measure by the U.S. Congress. The Canadian benefits amount to $6 per month for each child under 10 years of age, $8 per month for each child between 10 and 15 years of age, and a special youth allowance for children 16 and 17 years of age.

Daniel P. Moynihan is widely regarded as the leading advocate of the family allowance for the United States. In explaining the allowance proposal to the Senate Governmental Operations Subcommittee, headed by Senator Abraham Ribicoff, in 1967, Mr. Moynihan stated:

> *The principle of the family allowance could not be more simple. Parents with dependent children are paid a flat sum each month to supplement their family income. The rationale for the allowance is equally simple. In a modern industrial society, wages are geared to production, not to need.*

Mr. Moynihan points out that a family allowance for broken families already exists under the Aid for Dependent Children Program, and that contrary to early expectation, the Canadian family allowance did not prove an incentive to increased family size, as the growth of Canadian population parallels our own without the allowance.

Mr. Moynihan estimates the cost of a family allowance roughly equivalent to the Canadian, paying $8 for children under six and $12 for children between six and sixteen, at current population levels to be approximately $9 billion, or as he puts it "less than one percent of our gross national product."

Such an allowance in order to be equitable would have to be paid to all families regardless of income. For those receiving public assistance, it could be subtracted from the public assistance grant; for wage earners it should be a tax exempt income item. In this way the family allowance concept is a consistent support, and therefore, an incentive for the low wage worker with family responsibilities without making welfare any more attractive. A family allowance would require a recommitment of national revenues. Similar to other income maintenance proposals, its implementation is predicated on the availability of surplus funds at the Federal level. An increase in taxation to support such a system would to some extent, reduce the value of the allowance to the low income family head, since he would be paying an increased tax unless his income level was below minimum tax levels established through tax deductions for dependents.

The issue of tax deductions for low income family heads is being seriously considered by the present Adminstration and Congress. There would appear to be substantial latitude for government to increase the family income of the minimum wage earner, through raising the current $600.00 deduction for dependents. The minimum wage earning head of a household with three additional dependents claiming the standard 10 percent deduction now pays $92.50 in Federal income tax including surcharge. Raising the dependent deductions to a level, which coupled with standard deduction would render tax exempt all income equal to, or above, the welfare allowance for such a family in New York State would in effect, allow the low wage worker to pocket present Federal income tax payments. The problem for Federal tax policy is to match the level of exempt income with the public assistance level for a similar family in each state. The federal level would have uniformity and therefore, in order to adequately serve the needs of workers in states with higher levels of public assistance, a national welfare assistance level would be a prerequisite. However, we may reasonably expect any national level to be somewhat lower than the New York State welfare minimum. This would then create a need for further State income supplementation, possibly through the State income tax system. Adequate supplementation to public assistance levels could conceivably require a form of State negative income tax on a minor scale. The ultimate approach to income supplementation is the negative income tax which in its present form is designed as a replacement for the whole or a large part of our public assistance programs.

Each of these proposals has both difficulty and merit. They are all beyond this Committee's scope and capacity to initiate. The Committee would commend to the attention of State and Federal policymakers and to all citizens, the vital importance of income supplementation for the hard pressed family earning less than the socially acceptable minimum income.

Our current method of subsidizing minimum income families through the home relief and temporary aid to dependent children programs, stigmatizes the low income family as "welfare" recipients. Many eligible families do not choose to accept such aid either because of ignorance or personal attitudes causing rejection of the welfare alternative. The public assistance habit may lead to a pathological cycle of welfare dependency which is costly in both human and fiscal terms. The Committee recommends that manpower and income maintenance strategies insulate working heads of households from this social condition by developing an automatic income supplementation system linked to employment. The family allowance and tax deductions recognize the problem of providing for family responsibilities on low wages. Encouraging a wage plus assistance approach for employed adults with dependents is far more logical than providing a total relief system which is socially degrading and which is not rehabilitating its clients.

UNEMPLOYMENT INSURANCE SYSTEM: Devising Better Protection for the Unemployed Family Head

Linking family subsidies to wage earners is by itself insufficient protection for the low income family. Individuals lacking skills, forced to work at minimum wage levels, are victims of the last hired-first fired syndrome. Unemployment rates are abnormally high and periods of temporary or partial unemployment extremely frequent, as Chapter Two has shown. The unemployed family head is supported in New York State today through the unemployment insurance system at levels based only on his earnings, not on his responsibilities. This is not true for many other industrial states.

By the end of 1967, 10 states and the District of Columbia had enacted legislation to provide dependents', allowances to those eligible for unemployment insurance benefits. (See Table 22) Many of the states, including the industrial states of Connecticut and Ohio, have provided these benefits for over 15 years. Alaska has provided them since 1949—long before it entered the Union. The amount of dependency benefits range from a low of $1.00 in the District of Columbia to a high of $6.00 per dependent in Massachusetts. Several states, Alaska, Connecticut, Illinois, and Nevada, pay $5.00 per dependent. All states, except Massachusetts, put a ceiling upon total benefits, usually 55–85% of the claimant's average weekly wage.

The definition of a dependent varies from state to state which, of necessity, causes the percentage of dependents' allowances to vary. Table 22 shows that those states paying $5.00 or more per dependent—Alaska, Connecticut, Illinois, Massachusetts, Ohio—allocate approximately 9.5% of total benefits for dependency allowances. Most states define dependents as children under a specified age (16–18) and spouse, if a spouse is not covered by the unemployment insurance law.

Eight states pay dependents' allowances to those claimants who have dependents who are handicapped regardless of the dependent's age. A study done in Connecticut by Isaac Zlochiver, Labor Research Supervisor, noted that in the 1958–1967 period only 1,243 claimants had handicapped dependents over the statutory age limit (16).

The survey of Connecticut, an industrial state which in many ways resembles New York, provides data that is applicable to this state. In 1967 Connecticut raised the age of dependent children to 18 years and included non-working spouses and limited dependents' allowances to one-half of the weekly benefit rate—75% of average weekly wages. The amount of dependents' allowances, while important to the individual claimant, has had a small effect on the Unemployment Compensation Fund, amounting to only 8.2% of total benefits paid in 1968. The study noted that approximately 75% of the beneficiaries were not eligible for dependents' allowances. The results of this intensive survey will be applied below in an estimate of the cost of similar dependents' allowances for New York State residents.

This committee in its preliminary report recommended increased protection for the family head by providing dependency allowances. The Committee sponsored legislation, S-4603-D, which would have established such an allowance in New York State. The Committee's bills provided for dependents' allowances

TABLE 22: States Currently Paying Dependents' Allowances By State, Date Initiated, Type of Benefits and Percentage of Total Unemployment Insurance Payments

Name of State	Date Initiated	Description OF Benefits	Dependents Benefits as Percentage of Total Unemployment Insurance Payments
Alaska	1949	$5 each up to $25	11.4% * **
Connecticut	1945	$5 up to 1/2 claimant's wkly. benefit amount	8.6% **
District of Columbia	1935	$1 for each up to $3	INA **
Illinois	1955	$5 each up to $20	INA **
Indiana	1965	$3 each up to $12	2.0%
Maryland	1950	$2 each up to $8	8.0%
Massachusetts	1947	$6 each up to claimant's average weekly wage	8.2% **
Michigan	1945	$1 -$29 depending on wkly. wage & dependents	INA **
Nevada	1945	$5 each up to $20	INA **
Ohio	1949	$4 to a maximum of $19	9.8%
Rhode Island	1958	$3 for each up to $12	4.0% **

* 1967 figures; 1968 figures not available

** States paying allowances for handicapped dependents

SOURCE: Committee Research Questionnaire to above states.

of approximately ten percent of the present benefit rate for each dependent up to three, but the combined benefits could not exceed two-thirds of the claimant's average weekly wage. These benefits would be paid to individuals for dependents defined as a non-working spouse and children under eighteen years of age.

Because of the size and rate of growth of the Unemployment Insurance Fund in New York State, *these benefits need not be charged against the employer.* In the first quarter of 1969, the State's fund, largest by far in the nation, totaled $1.7 billion, an increase of $700 million since 1960. The fund increased by $140 million in 1968. If these dependents' benefits were available in that year, the maximum cost could have been only $78 million, much less than the fund's annual growth rate. Estimates indicate that such benefits would actually cost only 10.5% of the total benefits paid annually or approximately $33 million in 1968.

Over the 11 year period 1958–1968 unemployment benefits paid averaged $400 million in New York State. If dependents benefits had been in existence during this time, the New York State Department of Labor estimates they would have cost an average of $42 million per year. During this same period, the unemployment insurance fund increased at an average annual rate of over $52 million.

Another factor that must be considered before dependents' allowances are provided in the size and relative strength of the unemployment insurance fund. The New York State Department of Labor measures the reserve fund adequacy by using a measure recommended by the Interstate Conference Committee on Benefit Financing. To take into account [the] changes in the state's economic structure, the adequacy of the fund is based upon unemployment statistics of the most recent 10 year period. Using the Conference Committee's formula (1.5 x highest employer cost rate in 52 consecutive weeks x current total wages) the resulting desired fund level is presently $1,101.8 million. As of April 1969 the unemployment insurance fund totaled $1,659.1 million—$557.8 million more than the minimum adequate reserve level These long term statistics are the reason that the Committee feels assured that New York State employer will not be required to have dependency allowances charged against their experience rating.

The Committee's proposal is a modest approach to continued improvement of the unemployment insurance system. By increasing support to the involuntarily unemployed family-head it strengthens his economic position with respect to his household. In those cases where the dependents benefits provide temporary income above the subsistence levels set for relevant family size through the public assistance system, the bill will work to reduce the necessity for welfare assistance.

To be a thorough substitute for public assistance for the enemployed, the unemployment system requires more radical improvement. It should be more nearly universal. Thousands of workers in several categories are excluded under current provisions of the unemployment insurance law. Many employees in local government, non-profit organizations, year-round and seasonal farm workers, and domestic workers are not covered. If all unemployed individuals regardless of whether they had worked for covered employers prior to periods of unemployment were to be able to receive unemployment insurance benefits, the beginnings of a new income maintenance system linked to employment would be established. As Elizabeth Durbin states, in her above cited study, this "should not involve significantly more government expenditures, and would enable the problem to be dealt with through the Employment Service rather than through Social Services."

A potential use of the unemployment insurance system would be to provide access for home relief subsidy directly through the Employment Service, for all registered unemployed individuals (a particularly useful idea if unemployment registration were made more universal). Durbin describes the operation of such a system, which is recommended by her Project Labor Market Study as follows:

> *Anyone, male or female, who registered as unemployed, would be advised that if their resources are very low, if their unemployment compensation benefits are low and they have family responsibilities, or if they are not eligible for unemployment compensation, they may be eligible to receive supplementary income from the Department of Social Services Office. An office of the Department of Social Services would be located within, or at least very close to every NYS Employment Office. This office would deal only with applications received from people registered as unemployed. They would have authority to issue temporary supplementary payments after a quick check of credentials about family responsibilities and resources, much as families in immediate need are taken onto Home Relief before their proper eligibility for Federal programs is ascertained. This office would also be responsible for checking back with the client's neighborhood center to establish their permanent eligibility for welfare before issuing regular payments. It would also be responsible for determining the employability of registered clients in the same office, with a medical official appointed as necessary. It*

would only send cases to the local center when they had been designated unemployable. This office would also be responsible for following up on the job situation, both finding a job, ascertaining if the client were still eligible for supplementary payments if his earnings were not sufficient, and how the job worked out. The caseworker would also be in a position to advise on retraining possibilities, not just if there were a constant unemployment problem, but perhaps more important for those who do work consistently and do not earn enough. The family would also be advised of the other services available at the local neighborhood services, and helped to register with a local service case-worker, if they so desired. This would be particularly relevant for women, who are willing to work, but who may need day care centers. The case would then automatically be switched to the local center, and payments continued without interruption; *and easily reopened at the Employment Center when the woman registered to look for work again.*

The committee finds this recommendation to have considerable merit and will study its practicality in coming months. Its advantage is simply in creating a linkage between low income families whose primary wage earner is frequently unemployed and the Employment Service and Social Service system, which have resources at their disposal to provide both income support, jobs, training and supportive services, without dependence on the usual social services process, or the need for a family to become welfare dependent. Its most significant contribution would be to strengthen family income through assisting the male family head, rather than exaggerating the economic value of the mother through the ADC alternative.

Expanding the role of the unemployment insurance system to provide a wide battery of income support services will be a priority research goal of this Committee. The Committee will report to the 1970 Legislature it's legislative recommendations in this crucial area.

The Committee further notes that similar steps could be taken to strengthen the workman's compensation and social security systems. These social insurance operations must also be recognized as major areas for new efforts by government to link its income maintenance systems to employment efforts.

Summary

This chapter discussed the several major issues for manpower policy which are posed by the existence of our Social Services system, providing income maintenance to families in poverty. Since public assistance exists simultaneously with employment, the primary source of family income for low income families, for those families headed by employed adults who are unable to earn more than minimum wage incomes, welfare is an alternative to employment. We find then, employable adults receiving welfare assistance, many are employed at too low wages, many are mothers caring for children, and a few are individuals who are unemployed and unable to find employment. Also, a pattern of broken families exists in our large cities created by desertion, illegitimacy and abandonment, which has created a state of welfare dependency for dependents of men not on welfare rolls.

The chapter considers the issues involved in employing employable relief recipients. The Committee endorses work incentive efforts, stronger employment requirements, and increased job training efforts. For employable mothers, the Committee advocates expanded day care facilities in addition to the items above. But, the Committee regards the basic issue relief as an alternative to low income employment to be more significant for the non-welfare family.

The Committee is concerned by the failure of our wage system to provide for the needs of the low income family head. It recommends serious study of increased tax relief and a family allowance to strengthen his economic position. In addition, the Committee proposed an extension of the unemployment insurance system to assist these families during times of unemployment, chiefly through dependency benefits and a new linkage between the employment service which administers the unemployment insurance system and social services agencies handling home relief assistance. A unified delivery system geared to providing employment rehabilitation and supplemental income maintenance is proposed.

The succeeding chapter will outline Committee proposals for implementing the policy goals presented in Chapters 5 and 6.

7

Implementing Manpower Policy

The policy goals presented in previous chapters differ only in magnitude and scope from the objectives pursued individually by dozens of current manpower programs. The achievement of these goals (see Introduction to Part Two of this report) on a comprehensive basis will probably require a reorganization of current manpower programs and agency responsibilities at all levels of government. This Chapter presents the Committee's recommendations with respect to reorganizing our manpower efforts at the State level. Because these recommendations can only be understood in terms of the inter-governmental pattern of current manpower programs, this Chapter will present an overview of these efforts and discuss several critical issues influencing major reorganization. The Chapter's primary focus then, is the delivery of manpower services to accomplish manpower development objectives as effectively as the resources of government will permit.

Leadership in manpower development activity rests with the Federal governments, since Federal policies, programs and, above all, fiscal resources are the prime determinants of the level and kind of State and local participation. More often than not, the "rule book" for State and local program administrators consists of the flood of guidelines and administrative regulations issuing from Washington or its regional offices. Federal leadership does not mean, however, that our manpower efforts can be called a "Federal manpower program". As Garth Mangum and Sar Levitan state in their policy paper, *Making Sense of Federal Manpower Policy,* (George Washington University, 1967):

> . . . *it is inaccurate to speak of Federal manpower programs. Of the total federal manpower budget, only about one of every ten federal dollars is spent on programs operated by agencies of the Federal government. The rest is expended through grants-in-aid and contracts to encourage and assist state and local governments and private institutions to provide employment related services.*

These gentlemen prefer the term "Federally-Supported Manpower Programs". The Committee's point, however, is that this support is also direction, guidance and control.

The programs that have emerged with the evolution of an "active" Federal manpower policy are indicated in Table 23. While primary policy making responsibility at the Federal level rests with the Secretary of Labor, through the Manpower Administration, within the U.S. Department of Labor (the source of the annual Manpower Report) program responsibilities at the Federal level are fragmented among several Federal departments and agencies.

The spread of program responsibility indicated by Table 23 shows major divisions between Department of Labor, Office of Economic Opportunity and the Department of Health, Education and Welfare. The sources of enabling legislation suggest a variety of goals, approaches and guidelines, which in implementation lead to considerable overlapping, contradiction and perhaps waste of resources. One cardinal point stands out: There is no comprehensive manpower agency at the Federal level.

The program listings in Table 23 reflect this evolutionary development. The Area Redevelopment Act of 1961, which concentrated manpower efforts on depressed areas of high unemployment, was supplemented by the Manpower Development and Training Act of 1962 which provided funds for training the work force, beginning with unemployed family heads. As Chapter Three indicated M.D.T.A. has evolved into support of youth and disadvantaged generally. A.R.A. was later expanded by the Economic Development Act of 1965 and the Appalachian Regional Development Act. The Job Corps and Neighborhood Youth Corps came into being with the 1964 War on Poverty. The Economic Opportunity Act also provided for manpower services for the disadvantaged through the Community Action Program and amendments (Kennedy, Javits and Nelson-Scheuer) provided further manpower offerings for the new careers and concentrated employment concepts. Further complication ensued with expansion of Vocational Rehabilitation programs which were broadened in 1965 to include handicapped individuals suffering from social, environmental and vocational handicaps, opening the door to expanded aid to the disadvantaged by the Vocational Rehabilitation Administration. Vocational education was expanded in 1965 and again in 1968 to provide increased employment services, particularly for the disadvantaged (see Chapter Three). Mangum and Levitan state that,

> . . . *at least 27 Federal laws contain provision for direct financial assistance to persons enrolled in educational or occupational training pro-*

TABLE 23. Federal Manpower Programs by Title, Agency and Authority

Program Title	Administrative Agency	Authorizing Legislation
	Department of Labor	
Community Employment Development	Manpower Administration, Bureau Employment Security	Wagner—Peyser Act of 1933; P. L. 73–30; 48 STAT 113; 29 USC 49–49k (1940)
Employment Services—Industrial Services		Wagner—Peyser Act of 1933; P. L. 73–30; 48 STAT 113; 29 USC 49–49k (1940); 5 USC 616 (1940)
General Employment Services		Wagner—Peyser Act of 1933; Social Security Act; P. L. 73–30; 48 STAT 113; 5 USC 616 (1940), 29 USC 49–49k (1940)
Job Market Information		Wagner—Peyser Act of 1933; P. L. 73–30; 48 STAT 113; 5 USC 616 (1940)
Employment Service Physically and Mentally Handicapped		Wagner—Peyser Act of 1933; As amended; P. L. 83–565; 68 STAT 652; 29 USC 31 Note 31–42 (Supp. V) 1952, 20 USC 107–107b, 107e, 107e–1, 107f (Supp. V 1952; P. L. 89–358; P. L. 89–792; P. L. 89–333.
Trade Adjustment Allowances for Workers		Trade Expansion Act of 1962; P. L. 87–794; and Automotive Products Trade Act of 1965; P. L. 89–283
Youth Opportunity Centers		Wagner—Peyser Act of 1933, As amended; P. L. 83–565; 68 STAT 652; 29 USC 31 Note, 31–42 (Supp. V) 1952; 20 USC 107–107b, 107e, 107e–1, 107f (Supp. V) 1952; Manpower Development and Training Act of 1962, As amended; P. L. 88–214; 77 STAT 422; 42 USC 2571, 2582–83, 2585, 2588, 2601, 2614–5, 2619–20 (Supp. V) 1963.
Job Corps	Manpower Administration Transferred from OEO, effective July 1, 1969	P. L. 88–452 (1964)
Work Incentive Program	State Welfare agencies in conjunction with State Divisions of Employment	P. L. 90–248 (1967)
JOBS (Job Opportunities in the Business Sector)	National Alliance for Businessmen, in cooperation with various state agencies	P. L. 90–222 (1967)
Concentrated Employment Program	Community prime sponsors	P. L. 90–222 (1967)
New Careers	Bureau of Work Programs	P. L. 90–222 (1967)
Operation Mainstream (formerly Green Thumb)	Bureau of Work Programs	P. L. 89–253 (1965), amended, P. L. 90–222 (1967)
	Department of Labor	
Neighborhood Youth Corps	Bureau of Work Programs	P. L. 88–452 (1964), amended, P. L. 90–222 (1967)
Special Impact	Bureau of Work Programs	P. L. 89–794 (1966), amended, P. L. 90–222 (1967)

Adult Work Training & Employment Programs	Bureau of Work	Economic Opportunity Amendments of 1966; P. L. 89–794 (Title II, Section 205 (e)).
Manpower Development & Training	Office of Manpower Policy, Evaluation & Research	Manpower Development & Training Act of 1962, As amended; P. L. 89–15; and P. L. 89–794 (1966)
Occupational Training in Redevelopment Areas	Office of Manpower Policy, Evaluation & Research	Manpower Development & Training Act of 1962, As amended; P. L. 88–214; 77 STAT 422; 42 USC 2571, 2582–3, 2585, 2588, 2601, 2614–15, 2619–20 (Supp. V) 1963; P. L. 89–15; P. L. 89–792.
Women—Special Programs and Assistance	Woman's Bureau	Public Law No. 254, 66th Congress (H. R. 13229), 1920.
Apprenticeship and Training	Bureau of Apprenticeship & Training	National Apprenticeship Act of 1937; P. L. 75–308; 50 STAT 664; 29 USC 50, 50a, 50b (1940).
Labor Mobility Relocation Assistance	Office of Manpower Policy, Evaluation & Research	Manpower Development and Training Act of 1962; P. L. 88–214; 77 STAT 422, P. L. 89–15; 79 STAT 75; 42 USC 257–2620, P. L. 89–792.
Veterans-on-the-Job	*Veterans Administration*	P. L. 9–77 (1967).
	U. S. Department Health, Education and Welfare	
Adult Education	Office of Education, Bureau of Adult and Vocational Education, Division of Adult Education Division Programs	Adult Education Act of 1966 (Elementary and Secondary Education Amendments, Title III)
Community Service and Continuing Education		Higher Education of 1965—Some Questions and Answers
Vocational Education Grants	Office of Education, Bureau of Adult and Vocational Education, Division of Vocational and Technical Education	P. L. 64–347; 39 STAT 929; P. L. 74–673; 49 STAT 1488; P. L. 88–210; 72 Stat 586 (Part A); 20 USC 11–28, 35–35n.
Vocational Rehabilitation—Rehabilitation Services	Vocational Rehabilitation Administration	Vocational Rehabilitation Act Amendments of 1968; P. L. 90–391; P. L. 90–99 (1967); P. L. 89–333 (1965); P. L. 565 (1954); P. L. 113 (1943); First Vocational Rehabilitation Act of 1920, which became Title V, Part 4 of Social Security Act in 1935.
Work Experience Program	Bureau of Family Services, Office of Special Services	Economic Opportunity Amendments of 1966, Title X; Manpower Development and Training Amendments of 1966, Title II, part E.
	U. S. Department of Defense	
Community Action Program	*U. S. Office of Economic Opportunity*	Economic Opportunity Act of 1964, Title II-A; P. L. 88–452; 78 STAT 516; 42 USC 2781–91 (1964).
Defense Economic Adjustment Program	Office of Economic Adjustment Economic Adjustment	Department of Defense Directive 5410.12.
Education and Training Facilities to Obtain Employment in Appalachian Region	*Appalachian Regional Commission*	Appalachian Regional Development Act of 1965; P. L. 89–4; 79 STAT 5.
	Department of Interior	
Indian Manpower Activities	Bureau of Indian Affairs	P. L. 84–959 (1956).

> *grams . . . 19 involve higher education and professional training. Six provide training for special groups.*

The reasons for this intricate and perhaps unduly confusing array of administrative agencies reflect a piecemeal approach to the many manpower problems and especially, the evolution of an increased sensitivity to the social and economic problems of the disadvantaged. As Mangum and Levitan state in describing the Federal manpower policy:

> *The Administration and Congress reacted separately to each problem on a piecemeal basis. Numerous programs were inaugurated but with little consideration to their interaction. Newly emphasized needs sparked ideas which were translated into legislation with rarely a pause for intermediate steps of analysis and pretesting. Program components were tried, but failed and had to be replaced by others which in turn met varying degrees of success. The pattern was typical of a period of innovation and requires no apology. If it has produced administrative confusion, duplication, gaps and overlaps, it has also demonstrated the relative effectiveness of various approaches and it has served people whose needs were, and are, current and pressing.*

The discussion of Chapter Five of this report also shows that manpower policy goals have evolved in as fragmented a fashion as manpower programs. Reasons for this disjointed aspect of our manpower efforts of course involve innovation and experiment, but also certain political and administrative realities influencing the establishment and assignment of responsibilities to Federal agencies. Congress has long been more eager to fund a multitude of separate programs rather than a few broad based ones. Special interest groups have favored this approach because it obviously leads to greater influence over agencies with responsibility limited to single programs affecting a narrow segment of the target population.

Congressional appropriations machinery has also contributed to the confused situation of our current manpower development programs. Funds must be requested annually, often long before a program can be truly evaluated. Unanticipated Congressional disfavor toward or a disinclination to fund specific programs have made long range program planning exceedingly hazardous. The problems inherent in reliance on an appropriations process, were presented in Chapter Five, where this Committee argued strongly for a permanent continuous source of funding for these programs. Analysis was and, to some extent, is still lacking on which of the many approachese to manpower development are more effective than others. Secretary of Labor George P. Shultz in recent testimony before the Senate Committee on Labor and Public Welfare stated that the problem is still with us. "If we are to make lasting, significant headway against poverty, there still is a great deal to be learned about what works and what does not." This lack of evaluation is, to the minds of many experts, a most serious shortcoming of our manpower efforts taken together. Partially excusable because of limited funds and the basic urgency of delivering services to the poor, this lack of information has contributed to the variety of programs funded by Congress, and the inadequate support given to most.

The pattern of Congressional support for the Neighborhood Youth Corps, the scattering of manpower development authority in designing the War on Poverty programs, and the unusual expansion of the Vocational Rehabilitation program are all related to the above factors.

The Neighborhood Youth Corps was designed to put idle youths to work on meaningful jobs and, by providing part-time work for youths in school, to prevent drop outs. Neighborhood Youth Corps has received substantial support because of its popularity with Congress. It reaches large numbers of young people with little cost to local sponsors, providing in effect, "free labor", as Sar Levitan describes it to private non-profit or public agencies. Essentially, the "meaningful" job element was early subsumed by a desire to provide pay checks to enrollees, often during the restless summer months. This latter emphasis has led to criticism of the program as being "anti-riot" oriented. Data on the success of Neighborhood Youth Corps is sketchy. Levitan concluded his 1967 analysis published in *Anti Poverty Work and Training Efforts, Goals and Reality* (G.W. University) by regarding the program as essentially an "aging vat" helping youths when it is most difficult for them to find employment. He was skeptical of its success in providing meaningful work and training, but realistically cited the need for an employer of last resort program for these young people. Congress cannot be faulted for providing such a program, although the disguising of it as a training program, is not altogether commendable. What the experience indicates, however, is continual funding of an effort that was not meeting its stated goals satisfactorily, but which was providing political benefit to its sponsors and at least in theory, was preventing accumulation of idle youths prone to summer eruptions. Integration of this effort with ongoing training programs was slowed and the pool of funds provided perhaps limited the effectiveness of more meaningful work training programs.

Key manpower development efforts contained within the Economic Opportunity Act of 1964, the

Neighborhood Youth Corps, Job Corps, and Work Experience Training programs, were devolved upon three major agencies. The Labor Department was delegated to administer the Neighborhood Youth Corps, the newly created Office of Economic Opportunity received the Job Corps, and Department of Health, Education and Welfare, the Title V Work Experience and Training program. The vested interests of each existing agency and the arguments of their chief administrators have been cited by many writers for this delegation. From one point of view, that of efficiency and prior assignment of function, these programs should have been the responsibility of the Department of Labor. Indeed, recent months have seen the transfer of the Job Corps to the Department of Labor, and the assignment of major responsibility for the W.I.N. program, the successor to the Work Experience and Training program, to the Labor Department.

Vocational rehabilitation conducted by the Vocational Rehabilitation Administration (V.R.A.), Department of Health, Education and Welfare, has long been a Congressionally favored program. Amendments to the Vocational Rehabilitation Act in 1965, 1967 and 1968 have reoriented a program which traditionally focused on the physically and mentally handicapped toward active involvement in the manpower development of the disadvantaged. This reorientation was effected by inclusion of those who had substantial handicaps to employment caused by vocational, educational, cultural, social or environmental factors acting to prevent an individual from securing and holding a job for which he has the ability or capacity to fill. Disadvantaged individuals are entitled to receive the host of individualized evaluation and work adjustment services provided by the V.R.A. through its State operating agencies (see Chapter Three for complete description). The V.R.A. has already been authorized to expand its size in funds to over $1.25 billion annually after 1971. The 1968 amendments conferring the last elements of this authority were passed by a unanimous vote of the House. The House Committee on Education and Labor in its report on these amendments made the following unequivocal statement:

> *The vocational rehabilitation agency with long and successful experience in providing comprehensive evaluation services to its clients is the best equipped by working philosophy and experience to provide these kinds of services.*

Obviously, the 90th Congress has created a major new manpower agency, in the sense that V.R.A. has largely been outside the vision of manpower agencies except for a recognition of the influence of mental and emotional handicaps on economic disadvantaged, manpower agency, which if allocated funds are forthcoming, will grow in a malignant fashion.

The services provided the disadvantaged through V.R.A. are integral components of ongoing manpower development efforts. As Russell Nixon of the Center for Study of the Unemployed at New York University stated in the opening address to the National Rehabilitation Association National Conference in New Orleans, October 21, 1968:

> *Obviously, V.R.A. cannot deal with the huge problem alone. The new mandate for rehabilitation makes imperative a new level of linkage with other human resource and service programs, agencies and departments at Federal, State, local and neighborhood levels.*

The development of effective coordination with the already disjointed efforts of too many Federal agencies has yet to be determined. Congress has spoken, in a new direction, without abandoning existing efforts and without regard for the potential chaos created on the administrative map for the delivery of manpower services.

This almost bizarre pattern of administrative responsibility for manpower development at the Federal level has a substantial effect at State and local levels, which are the immediate concern of this committee.

Manpower Development Program Administration in New York State

The manpower efforts of State government must be built upon this confused Federal framework, circumscribed by program eligibility standards, operating directives, funding levels, and designations of State agencies to administer and plan a multitude of specific programs. This creates a situation which encourages States to sit back and match Federal funding, which is often substantial; not to participate would be folly. The State becomes in effect the junior partner to Washington in manpower policy and program implementation.

Manpower program responsibilities in New York are divided among three major departments. Labor administers the M.D.T.A. on-the-job and institutional programs (the bitter responsibility is shared with Education), administers apprenticeship and training programs, and through the Division of Employment provides a wide range of counseling, evaluation, training and placement services, including the Work Incentive Program (shared with Social Services). Education is involved through participation in M.D.T.A. institutional programs, adult education, vocational education and vocational rehabilitation, industrial teacher training, and supervision of public and private vocational schools. Social services, although diminishing in responsibility has a role in the Work Incentive Program, referral of relief recipients to manpower agencies and rehabilitation services to handicapped relief recipients.

The State University is intimately involved in manpower training through its community and four year colleges and universities and its new urban center approach. Career development efforts by the Civil Service Department, and on-the-job training programs for State employees in most state agencies render each to some extent a manpower development agency. Specialized services are available also from the Division for Youth, an agency in the Executive Department.

Much of its vast administrative machinery is, on balance, an appendage of Federal agencies, often rather effectively insulated from direct control by the Governor and Legislature. When agencies like the Division of Employment and Vocational Rehabilitation are almost totally Federally funded and governed in program implementation by Federal regulation, State control exists in reality, only through the appointment power of the Governor and the Legislature's role in matching funds and funding the non-Federally aided share of these agencies', budgets. Within individual programs controlled by Federal legislation and administrative guidelines, there is often little discretion for State administrators, much less for State government. The M.D.T.A. program, for example, is governed by Federal decisions on allocation of available funds to specific types of operations. Federal ratios exist between types of training and eligible trainees. Federal regulations on where funds may be spent are also common. The designation of target areas, especially in such programs as the Concentrated Employment Program, is limited to a few selected program areas and for which funds from other programs are earmarked. Concentration of such funds in Buffalo, Rochester and several New York City poverty areas effectively limits the State's provision of manpower services to rural areas, and its remaining cities.

The ultimate and most vexing problem is created by Federal action which bypasses State government completely in favor of direct Federal assistance to localities. This pattern occurs in many instances, most forcefully evident in the Community Action Programs of the Office of Economic Opportunity, which were more or less deliberately designed to bypass State government. Nowhere is the confusing pattern of Federal manpower legislation and administration more acutely felt than at the local level where services are delivered. Federal attempts to fund innovative demonstration programs, often community controlled, have proliferated agencies providing similar services to the same clients. Duplications in facilities as well as programs have led to ineffective use of available resources. Delays resulting from dual or multiple program administration have caused tremendous confusion, failure of good programs and inhibited timely delivery of services. Moreover, numerous agencies were created discouraging elimination of duplication and in a sense, creating local vested interests in continued proliferation of responsibility. Controversies over administration of the Work Incentive Program which occurred during 1968 between the Division of Employment and local agencies in New York City and Sufflok county were a direct result of such duplication. The result of local confusion is a certain stagnation of manpower efforts at the local end. Much motion appears but too little work, creating a rise in the hopes and aspirations of the clients of manpower agencies which cannot be easily fulfilled.

Two urgent priorities emerge from this discussion. The first, an urgent need for coordination at all levels of government; the second, the need for a definition of Federal-State-local responsibility for manpower development

COORDINATING MANPOWER DEVELOPMENT EFFORTS

Federal

The proliferation of agencies charged with manpower development at the Federal level has not gone unnoticed. It has been met with a proliferation of manpower development coordinating agencies and by more useful consolidation of both planning and program responsibilities. The coordination of administrative planning has been sought by the Federal government as an alternative to the lack of Congressional planning or perhaps the more basic absence of a Federal Manpower Policy. The vehicles for this coordination have included the interagency coordination requirement in both legislation and administrative regulations. Usually a plea for consultation between agencies with similar responsibilities, which is included in legislation creating programs, has led to ad hoc and semi-permanent interagency committees, written agreements between agencies, and a recognition of the need for stronger coordination. Effective coordination has been achieved through consolidation of several programs, more carefully considered manpower legislation, and through the establishment of elaborate comprehensive planning machinery, designed to link programs horizontally within Federal agencies, and vertically between Federal, State and local governments.

Consolidation was used effectively to strengthen the centralization of manpower programs through the Department of Labor. The Secretary of Labor was given responsibility for preparing the annual *Manpower Report* and a more generalized responsibility to coordinate manpower program planning in the M.D.T. Act of 1962. Delegation of administration and transfer of O.E.O. programs has consolidated all O.E.O. manpower activities, except those under the Community Action Program, within the Manpower Administration of the Department of Labor. The Social Security Amendments of 1967 creating the W.I.N. program provided for a strong role for Labor within a program administered through H.E.W. The Manpower Administration of the Labor Department is currently undergoing a thorough streamlining to better coordinate the programs which are now under its administrative control, the details of which are not yet fully available.

The major exceptions to this streamlining trend are the continued administration of the vocational education and vocational rehabilitation programs by agencies of the Department of Health, Education and Welfare, and through H.E.W.'s joint administration of the institutional side of M.D.T.A. Considering the size of these programs today and plans for their imminent expansion, their continued insulation from Labor administered manpower programs represents acute fragmentation of effort. Mangum and Levitan in their design for a Federal manpower agency discussed below, include the consolidation of these programs with those of the Labor Department's Manpower Administration. (See *Making Sense of Federal Manpower Policy,* cited above).

The bulk of funds allocated for overcoming occupational disadvantage, over three-fourths, with the addition of the Job Corps, are now contained in programs administered by the U.S. Department of Labor. The Economic Opportunity Act was amended in 1967 to require that local O.E.O. manpower (and other antipoverty efforts) be funded under a "prime sponsor" capable of planning, coordinating and evaluating comprehensive work and training programs at the local level, in an attempt to coordinate C.A.P. funded manpower efforts. With this degree of centralization established, we will perhaps see a general downgrading of further consolidation on a priority basis. Such consolidation must be considered useful, however, and pursued on a systematic basis at the Federal level, because such efforts have multiplying effects in consolidating state and local programs.

Aside from attempts to consolidate Federal agency programs the Federal government has developed vehicles for coordinating their efforts at local, State, Regional and Federal levels. These actions include the establishment of the Cooperative Area Manpower Planning System (C.A.M.P.S.), and the Concentrated Employment Program (C.E.P.). C.A.M.P.S. originated with the National-State Manpower Plan initiated in 1966 to guide the investment of M.D.T.A. program resources in conjunction with State Manpower Plans. A national interagency coordinating committee was established to review State plans which were to include the combined manpower goals of all agencies to prepare the National-State Manpower Plan. C.A.M.P.S., the most sophisticated and also the most promising coordinative effort was initiated in 1967, expanding the State plan system to other Federally supported manpower programs in order to cope with the tangle arising from the proliferation of agency responsibilities at all levels. The legislation passed by five Congressional sessions in manpower development recognized, as was indicated above, neither departmental nor intergovernmental lines of responsibility and was found to be ineffective without interagency planning coordination. Beginning with local areas, C.A.M.P.S. committees linked Labor, O.E.O. and H.E.W. agencies for the purpose of formulating joint programs which coordinated the service offerings of each agency within the area, based on a cooperative assessment of an area's needs. State C.A.M.P.S. committees were established to prepare State plans based on the local committee's proposals, which were then to be joined at a regional, multi-state level, into regional plans which would be submitted to the Federal agencies involved. Final approval of these plans rests with the Federal agencies.

The State Employment Service system was used as the vehicle for developing C.A.M.P.S. committees. In New York, the Division of Employment established committees at the state and local level to encourage the development of area manpower plans. According to the 1967 State Manpower Plan, such committees,

> *. . . are encouraged to develop a uniform approach to employers, directing applicants to the particular program or a combination of programs, most capable of meeting their needs, including auxiliary services; and expanding through team efforts, a deeper rate of penetration, ranging from uncovering suitable job opportunities to locating the poor who are not part of the labor force, as well as by complementary services and eliminating duplication by filling gaps in coverage.*

Except for a scattering of inter-agency cooperative activities among participants, and the publishing of a rather disjointed compilation of program data from each agency in 1967 and 1968, C.A.M.P.S. has few concrete accomplishments to show for its efforts. Its single greatest contribution is the opportunity it provides for mutual contacts between agency representatives.

The costs and time consumed by C.A.M.P.S. committee staff create problems for operating agencies. The lack of a permanent staff assigned to C.A.M.P.S. was a contributing factor in its initial lack of success. Funds for such staffing are being provided, however, and the State committee may evolve into a more potent planning and coordinating body. A basic problem facing the C.A.M.P.S. planning system is the limitations imposed by the Federal budgetary process. Without accurate knowledge of forthcoming appropriations, effective planning is impossible. Further, the establishment of the C.E.P. program, which in contrast to C.A.M.P.S. (to which it is unrelated) bypassed State government moving to coordinate local programs directly, to some extent deemphasizes the importance of C.A.M.P.S. Until C.A.M.P.S. is delegated meaningful authority (today it is essentially advisory only) most experts believe it will not fulfill its potential.

The Concentrated Employment Program, the second major coordinative effort, began with the creation in 1966 of three man teams linking H.E.W., O.E.O. and Labor under the direction of the President's Committee on Manpower which attempted to coordinate programs, identify needs and establish priorities for manpower development in 30 metropolitan areas. These committees, according to Mangum and Levitan in *Federal Training and Work Programs in the 1960's,* (Wayne State, 1968):

> *. . . mediated interagency disputes, unclogged lines of communication, negotiated proposals for coupled and jointly funded projects and prodded local officials to submit new approaches.*

In the following year, Federal emphasis changed to concentrating employment efforts in key target areas to more effectively deliver services, and incidentally to show overall results on specific disadvantaged populations. The C.E.P. program described in more detail below in the discussion of the Division of Employment's programs, is a combination of manpower programs brought together in a target area in a single contract with a single sponsor. It is coordinative in as much as it combines funds and personnel from several agencies to deliver concentrated local manpower services with maximum private industry involvement and on a highly individualized basis. The administration of each C.E.P. program is shared, however, between local offices of the Employment Service and the local Community Action Agency. The C.A.A. acts as "sponsor", the Employment Service as "provider" of these services. Both C.E.P. and C.A.M.P.S. have had a significant impact at the State and local level.

Responsibility for coordination of manpower activity at the State level until 1968 rested primarily with the C.A.M.P.S. system. However, since the State's manpower development activities go substantially beyond federally aided programs, and manpower development must be interrelated with other major functions, the State has established other coordinative mechanisms. An Inter-Departmental Manpower Committee was established in 1962 to coordinate State efforts, with the Labor Department acting as Secretariat. The activities of this body have largely been restricted to an informal exchange of information among manpower service agency heads or their deputies. It has not been and does not appear to be capable of assuming a powerful role in achieving coordination among manpower agencies.

The linkage between the budgetary process in State government and allocation of program resources would logically indicate substantial potential for coordination of manpower agency operations in the activities of the Division of the Budget and the State's Office of Planning Coordination, which administers the State's Planning Programming and Budgeting System, the Executive Department, or to committees of the State Legislature. The Division of the Budget evaluates the commitment of State fiscal resources to match or supplement Federal assistance, and "watchdogs" the expenditure of Federal funds by State agencies. The Division's activities, however, are not coordinative as they approach manpower agencies', budgets in a departmental or program review basis. Effective coordination would require a functional evaluation of all manpower development efforts taken as an overall program. In this regard, the Office of Planning Coordination, which is involved in developing an overall State plan including the human resources development area, is better suited to assume a coordinative role. However, O.P.C.'s staff resources have left it largely unable to assume this role in the manpower field, in other than a monitoring capacity. Its attempts to coordinate planning, among manpower agencies, have been confined to seeking conformity of planning areas and manpower agencies with other agencies, striving for interchangeable data collection and reporting systems and strengthening coordinated program planning. Both agencies have monitored existing manpower programs and are engaged in a constant process of data collection and evaluation of the effectiveness of their operations. Neither had been able to bring order to the confused state of manpower service delivery as late as 1968.

The Legislature sharply divides fiscal and planning responsibilities between its fiscal committees and standing committees assigned to various functional areas of legislative interest. The fiscal committees, the Senate Finance Committee and Assembly Ways and Means Committee, have reviewed the operating budgets of manpower development agencies on an agency or departmental basis, rather than on a functional basis, with to date, little comprehensive review of all manpower efforts as a whole. A similar fragmentation in standing committees exists, with manpower responsibility divided among Labor, Education and Social Services among others. The inadequacy of this system led to the assignment, on a temporary basis, of this function to the Special Committee on Manpower which combined the resources of several Senate committees, (see Introduction) and was the immediate precursor of this Committee's efforts. There is no joint legislative committee or commission directly charged with coordinating manpower services. However, the Legislature's involvement and interest is confined to a study, evaluation, and correction role, not to permanent administrative coordination, which is more properly the function of the Executive Department.

Coordination, is at least a two-fold problem. Operations of manpower agencies delivering service must be coordinated, but more basically, planning which ostensibly determines the level and direction of manpower operations must also be coordinated. This Committee in its preliminary report of June 1968, called for the creation of an umbrella agency to handle both functions, as an Office for Manpower Planning and Programming Coordination in the Executive Department to be responsible for:

1) An annual Manpower Report to the Governor and Legislature.
2) Preparing a comprehensive manpower resources development plan.
3) An inventory of the State's manpower resources, including the determination of the number of unemployed, underemployed, defining their employment and training needs, examining manpower shortages and surpluses.
4) Coordination of State programs involving manpower development, and recommending such improvements to manpower administration as it seems desirable.
5) Representing New York State's manpower interests with Federal agencies.
6) Consolidating and evaluating local manpower development efforts.
7) Serving as the primary liason for manpower planning with employers and labor organizations.

The office would be guided by an Advisory Committee representing the heads of the key manpower related state departments, the Office for Planning Coordination, and a blue ribbon representation of business and labor leaders. Possible direct operation of pilot projects designed to produce innovations in manpower research, program planning, and operation could also be assigned to this office.

However, the Governor [—] reacting to the need for comprehensive planning not only for manpower services but for other human resource development needs, by Executive order, dated September 16, 1968—created a new interdepartmental committee known as the Social Development Planning Commission to:

> *. . . coordinate and review social development planning efforts among governmental and non-governmental agencies, organizations and groups concerned with sources, facilities and manpower and shall formulate and update on a continuous basis a comprehensive Social Development Plan.*

The major programs included within the purview of this commission are, those aiding the disadvantaged, developing employment opportunity, human rights, employee protection, and coordination of administration. Agencies represented include O.E.O., Social Services, Education, Health, Human Rights, Labor, Mental Hygiene, Local Government, Housing and Community Renewal, S.U.N.Y., Youth, Aging, Planning Coordination and Budget. The Executive Order provided for an Advisory Council to be appointed by the Governor. Provision was also made for staffing the agency, a decided improvement over previous interdepartmental committee creations.

The commission is apparently designed to provide for the broad social development area the same type of comprehensive planning and coordination for which the Health Planning Commission was established to provide for the Health field. The importance of manpower received special attention in a December 1968 development, the establishment of a Manpower Resources Council within the Social Development Planning Commission. The membership of this council consists of those agency heads who have substantial responsibility for manpower training programs. Essentially, it recreates the Interdepartmental Committee on Manpower mentioned above. The Council is charged with responsibilities similar to those the Committee recommended for its proposed umbrella agency. These are listed by the Governor as follows:

—Study, document, coordinate, review on a continuing basis job training and development activities among governmental and non-governmental agencies;

—develop and recommend to the Social Development Planning Commission a comprehensive manpower policy, setting forth program and funding priorities and assignments of responsibilities;

—take inventory of the State's manpower training needs and the resources available to meet such needs;

—develop a manpower training, information and reporting system;

—prepare in advance of agency budget submissions an annual State manpower budget, setting forth the overall goals of the Council and the resources available from all sources to meet them;

—develop the state-level Cooperative Area Manpower Planning System (C.A.M.P.S.) report to assure necessary coordination between Federally-financed manpower training programs and the State.

While it is too soon to evaluate whether this Council, which has been made directly responsible for effective coordination of the State's manpower planning and the delivery of manpower services, will successfully develop a more organized system, its links to the social development planning apparatus and to the overall planning and budgeting system promise a respectable effort. The Council provides a functional equivalent of State planning. Before it remain the difficulties imposed by the very task of coordinating an intricate and confusing pattern of the State manpower efforts.

In contrast to this exceptionally vigorous series of coordination attempts at the State government level, consolidation of manpower development activities has not been widely used in New York State. Progress toward consolidation has followed Federal initiative and has been directed toward increased program responsibilities for Labor Department agencies that accompanied the transfer of administration of Federal O.E.O. programs to the U.S. Department of Labor. This has meant a growth in responsibility for the Division of Employment in the Department of Labor, which also administers the new Work Incentive Program (WIN). Except for small scattered efforts, such as those of the Division for Youth's S.T.A.R.T. program, the major manpower development efforts now rest with the departments of Labor and Education. Education administers the huge Vocational Education program, shares institutional M.D.T.A. authority with Labor, and contains the soon to be tremendously expanded Vocational Rehabilitation efforts. The Committee views this administrative dichotomy as cause for concern that a potentially grave duplication, and built-in inefficiency exists in the administration of manpower programs. These programs must either be effectively coordinated through the Manpower Resources Council or other device, or consolidated. A more pressing problem than horizontal coordination at the State level, is coordination of State with local and Federal governmental manpower development efforts at the delivery end the community level.

Local Action

Problems of coordinating manpower development at the local service level are particularly acute. Even with the development of local C.A.M.P.S. committees, C.E.P.'s, and the traditional role of school systems, the State's local Division of Employment offices and informal cooperation between agency administrators in tying together the many separate programs, duplication and fragmentation is more the normal situation than the exception. Mangum and Levitan in *Federal Training and Work Programs in the 1960's* provide a concise description of the source of this confusion.

> *Given the wide proliferation of federally funded sources, the local initiative for developing programs is equally diverse. On-the-job training may be promoted in a community by federal, state, local and private contracting agencies. Adult basic education courses may by initiated and the needed funds sought by the schools, welfare agencies, vocational rehabilitation counselors, community action agencies and public or private contractors of demonstration projects. Skill training may be administered either by the public schools, private educational institutions, employers, trade associations or unions, and it may be initiated by various agencies, including local public employment offices, public or private welfare organizations, community action agencies and vocational rehabilitation agencies. The other programs may have a similar multiplicity of sponsors.*

Local governments and private and public agencies have in many communities developed strong locally oriented efforts. Rochester Jobs Inc., described in Chapter Three above, was designed as a catalytic agent with a small staff to coordinate manpower efforts of numerous public and private agencies involved in developing manpower resources in the Rochester area. In New York City, under the Human Resources Administration (H.R.A.), the City government attempted to consolidate manpower delivery systems including those of the State under its Manpower and Career Development agency within H.R.A. This attempt ran afoul of existing Federal and State machinery creating heated controversy. R.J.I. on the other hand has worked cooperatively with State and Federal agencies. Several urban counties have established strong manpower agencies, the Department of Labor in Suffolk being an outstanding example. Local efforts to coordinate and consolidate manpower plans must of necessity be understood in terms of the inherent conflict between State and local manpower bureaucracies.

This conflict revolves around the fact of the presence in the major localities of the State of local operating arms of the Division of Employment. The Division is assigned powerful responsibilities in administering Federally aided manpower programs. When newer, perhaps more dynamic or aggressive agencies are created at the local level through the C.A.P. anti-poverty efforts or local government initiative, conflict is inevitable. Even within coordinated efforts such as the Concentrated Employment Program this conflict is apparent. The history of the C.E.P. in Buffalo, for example, has been marked with tension between the employment Service and the local community action agency. The conflict reached a climax late in 1968 when the sponsoring community action agency attempted to abrogate its agreement with the Employment Service, the provider of manpower services. Although settled by Federal fiat the dispute severely delayed total implementation of the program.

In New York City and in Suffolk county a similar dispute between the city and county manpower agencies and the State Employment Service substantially delayed the implementation of the W.I.N. program in these areas. These situations are especially significant because of the intensity of conflict between these agencies and the basic issues of State and local responsibility involved.

In New York City, the city government established a Human Resources Administration (H.R.A.) in 1966 to coordinate its human resources development programs. Subsequently a Manpower and Career Development Agency was created within the H.R.A. to "restructure, coordinate and weld together into a single comprehensive system, the fragmented and frequently duplicative manpower programs of various public and private agencies in New York City". The new agency operated in the context of an extensive network of employment offices, youth opportunity centers and youth employment service operations conducted by the State Employment Service, the widespread efforts of the Division of Vocational Rehabilitation, the M.D.T.A. and vocational education programs of the city's Board of Education, and a variety of unrelated manpower efforts of community corporations, business and civic non-governmental agencies. The M.C.D.A. developed in 1968 a manpower plan calling for sweeping policy and administrative changes. Beginning with the premise that "no significant improvement in program quality or in the quantity of services or the number of people who can be served is possible under existing institutional conditions". M.C.D.A. proposed a Regional Manpower System for New York City. The proposed system involved major structural changes described to the committee at its New York City hearing by the M.C.D.A. Commissioner Cyril D. Tyson as:

1. *centralized planning, program development, program evaluation, information control and job development.*

2. *operational integration of the manpower development functions of the New York State Division of Employment (State Employment Service), the New York City Department of Social Services, the New York State Division of Vocational Rehabilitation, Community Corporations and the Manpower and Career Development Agency into the comprehensive Regional Manpower System.*

3. *decentralized delivery of manpower services (counseling, basic education, occupational training, etc.) provided by the various agencies and organizations involved in the system.*

4. *full involvement of the City's private and public employers and relevant community organizations in all aspects of the overall manpower system.*

The system was to be built around regional opportunity centers, providing placement, prevocational, education and skill training and supportive services, and Social Service and Neighborhood Manpower centers providing recruitment, testing, counseling and referral services in each of 11 "regions", which were major poverty areas in NYC. Each regional agency would have a proportionate allotment of manpower funds and services available from all programs. Instead of an estimated $102 million/30,000 slot effort then underway in New York City, the proposed system was devised to provide a $278 million/114,000 slot level of manpower services. A major supervisory role would have been devolved on M.C.D.A. with full authority to design and implement the comprehensive system. As Commissioner Tyson indicated a relaxation of Federal and State guidelines in allocation of funds, provision of substantial fiscal resources and the loss of substantial authority and administrative discretion to existing agencies outside M.C.D.A. were required. The State's Division of Employment and Division of Vocational Rehabilitation were to be assigned functions under the M.C.D.A.'s overall administration. The plan appeared to provide no adequate utilization of the extensive facilities of either the New York City Board of Education or the Division of Employment. Nor did it provide for the existing Youth Opportunity Centers, although advocating the establishment of 25–50 neighborhood facilities in addition to the 11 "regional" centers. Without the complete and willing integration of the facilities and programs of the Employment Service and other Federal and State agencies the city's plan would at most duplicate services and further fragment the administrative machinery of manpower agencies within the city.

The necessary Federal and State approval has not been forthcoming. The W.I.N. situation is a case in point. The assignment of the W.I.N. program in view of the potential existence of the city's manpower system and the Employment Service was a difficult decision for Federal administrators. If both systems were to be in operation the addition of over 8,000 W.I.N. slots to either agency would make its subordination to the other extremely difficult if not impossible. In October 1968, the United States Department of Labor chose the Employment Service as implementing agency for W.I.N. in New York City. As late as February 1969 the W.I.N. program was still not put into full effect because of disagreement between M.C.D.A. and the Employment Service. In spite of the growing welfare burden and the demonstrated need for the Work Incentive Program, as of March 1969 only 953 slots were filled. The M.D.C.A. plan can be viewed as in a state of confusion and disorganization at the present time, but it is not fully abandoned, receiving direct budgetary support from New York City, at levels much lower than anticipated. The fragmentation of manpower efforts for 800,000 disadvantaged is virtually assured because of the existence of three well established bureaucracies, the M.C.D.A., the older city agencies, and the employment service.

In Suffolk County, the battle over who controlled the W.I.N. was less elaborate but certainly more vehement. A highly successful Suffolk County Labor Department, which received national recognition for placing 1,586 welfare recipients in gainful employment in less than two years of operation, challenged the Federal designation of the Employment Service as prime sponsor of the W.I.N. program for that county. This challenge was supported by a voluminous position paper entitled *A Case History Justification for Suffolk County Department of Labor's Sponsorship of the Work Incentive Program.* The dispute involved State and Local government leaders and business and community leaders within and without Suffolk County. Federal funding was delayed until the Labor Department finally decided on the Employment Service. In contrast to New York City, however, the Suffolk agency quickly moved to cooperate as subcontractor for the program.

Aside from enlivening the literature of manpower administration, these conflicts had a negative effect on the delivery of services and perhaps on future interagency cooperation in these areas. The basic issue of whether the local units of the State Employment Service or locally controlled manpower agencies would sponsor such programs was resolved in Washington. Since the State government is not a major source of funds or programs, it had little involvement in these particular conflicts, or ability to bring order to the local manpower delivery systems. But, it should be noted, that when State involvement becomes significant, critical decisions will have to be made.

This Committee is, of course, advocating a substantial committment of State resources, and can not ignore the local-State issue. In the Committee's decided opinion, the key to the problem lies in achieving a unified statewide delivery system, guided by a comprehensive State manpower plan, using Federal funds allocated by a State established system of priorities. Coordination or consolidation of manpower programs can not be successful if initiated on the local level, nor can the Federal government provide effective leadership, while states are actively involved. The key to linking all levels of government into a comprehensive effort lies in the State Employment Service with roots at each level.

Toward a Comprehensive Manpower Development System for New York State

The above discussion of the current fragmentation of manpower policy and programs raises the question of what can be done about the lack of a comprehensive manpower policy and a primary manpower agency. The Committee has looked for models of possible alternatives to the current structure of government manpower services. Such models are available in the experience of other industrialized nations in Europe and North America. A possible approach to a State Manpower System has recently been inaugurated in California. Elements of a powerful local delivery system exist in the Rochester Jobs Inc. operation, in the work of the State Employment Service in selected poverty areas, and in the imaginative designs of M.C.D.A. in New York City. Several practical proposals have been put forth by academic experts in the manpower field. An ideal model for funding delivery services is contained in the Vocational Rehabilitation Program. The following sections will present these models and combine lessons learned from each into several proposals for integrating Manpower Services in New York State.

There can be no doubt that the evolution and development of manpower programs in the United States has lacked what might be called a "Functional" or mission oriented approach. The Federal government, reacting to economic conditions and an evolving series of priorities, created programs to meet specific needs. We are left with a multiplicity of manpower agencies, without a comprehensive manpower policy or program. But these many agencies perform similar functions which can be seen as part of a larger function of government, manpower development. We have lost sight of the overall picture of our efforts in concern for the bewildering array of manpower programs. Solomon Barkin, of the University of Massachusetts, in a paper submitted to the committee described the present state of manpower development as follows:

CHART 9: Functions of Manpower Activities

Preparation for Employment	Placement and Supportive Services	Job Creation	Experimentation, Demonstration and Research
prevocational training adult basic education vocational training remedial skill training on-the-job training	outreach recruitment testing counseling job development placement allowances mobility assistance medical assistance day care, etc.	on-the-job training work experience public service employment special job creation for disadvantaged	innovative projects labor market data program evaluation manpower research

SOURCE: **Making Sense of Federal Manpower Policy,** Sar A. Levitan and Garth L. Mangum

> *In the last few years we have seen a headlong scramble to create new facilities and programs to meet the growing need for assisting individuals to adjust to the changing industrial and job patterns and to qualify for employment. The first programs under our present manpower program accented either training for the technically displaced or the long-term unemployed in chronically distressed areas. The latter provisions were part of a more ambitious program of area economic redevelopment. But as experiences grew and the problems of the poor and the disadvantaged commanded more and more attention, the newer programs and the bulk of the resources were shifted toward assisting these groups. The present accent is upon the needs of these persons and we are not preparing ourselves for a balanced program to deal with new problems. Nor are we attempting to anticipate or define them. We are not giving enough attention to the older issues.*

Mangum and Levitan present a functionally structured manpower program in their *Making Sense of Federal Manpower Policy.* They divide manpower activities into four categories: (1) preparation for employment, (2) placement and supportive services, (3) job creation, (4) experimentation, demonstration and research. Chart *9* from their study lists the components of these functions. The emphasis on the disadvantaged in manpower development is reflected in the function allocation of Federal manpower resources. As Table *24* indicates, almost half of all Federal funds are devoted to preparation for employment and an additional 21 percent for job creation, largely for the disadvantaged. It is obvious from the chart and from previous discussion of interlocking administrative responsibilities that these functions are performed by many agencies usually only in part by any one agency.

Under a functional approach we would not view manpower efforts as composed of programs but, as in Europe, as an "arsenal of tools", to quote Alfred Green, Director of the New York State Employment Service at the Committee's New York City hearing. Green, an acknowledged expert on European manpower programs, author of *Manpower and the Public Employment Service in Europe,* described the "tools" available to the German Institute for Placement and Unemployment Insurance in testimony before the Senate Subcommittee on Employment Manpower and Poverty in May 1968. Green listed:

> *. . . unemployment insurance; full control of vocational education training and retraining; full control of employment service activities, including*

> *those conducted, under the supervision of the Institute, by private employment agencies; relocation grants; training and "integration" subsidies to employers' loans for the building of worker housing and of worker hostels; control of apprenticeship—all administered in a single place, all financed by one single source of revenue.*

In contrast Green presented the following description of manpower development in the United States.

> *It is different in the United States. Here, there is no continuing unified program, or an integrated administration. So our goals are set for us year by year, in accordance with the will of the U.S. Congress (expressed in the Manpower Development and Training Act of 1962), by the President in his annual Manpower Report; and supplementary goals are then added each year by special legislation, such as S.3063 and S.3249.*
>
> *Because experience proves that the goals which were set in each preceding year were not fully attained, and because the character of the manpower problems which face us becomes more menacing with each passing year, the situation in which we now find ourselves is one in which our goals are "catch up" goals and in which, for the time being, our fragmented emergency manpower programs are "catch-as-catch-can" programs.*

Canada which like the United States, has recently experienced many problems concerning the rapid changes in the structure of production and the subsequent demand on the use of human resources, has centralized its manpower policy and services. Canada, unlike the European countries, has a Federal system that faces state-federal problems that are similar to ours. Canada's employment service has been replaced by Manpower Centers which perform a role far beyond that of a placement service or unemployment agency.

An active manpower policy has been an essential component of the Canadian economy since 1963 with the creation of the Economic Council of Canada (E.C.C.). The Council has four main goals: full employment, a high rate of economic growth, a viable balance of payments, and a more equitable income distribution. To accomplish these ends without inflation requires the efficient use of manpower resources. By matching the supply and demand for labor in specific locations and occupations, the E.C.C. is attempting to upgrade the capabilities of the work force and provide the mobility necessary to achieve full employment.

The Canadian's approach to manpower policy is philosophically quite different from that of the United States. Adults consider training programs as part of the normal stage of their working life rather than something a person must "put up with" in order to secure a permanent job. After one enters the labor force the funds for further training are supplied by the federal government. These funds include family allowances to workers in approved adult training programs.

In an attempt to close the "mileage gap", relocation grants are paid in order to ease the geographic mobility of workers. In order to determine the training needs of industry, job vacancies, skill shortages, and future techonological advances, manpower research has been given an important role in Canada's manpower program. Because of the long, cold Canadian winters, seasonal unemployment is a more acute problem than it is in the United States. Programs and policies have been developed that have given special attention to this condition including a winter home building incentive program, fiscal aid to municipalities and a federal government supplementary construction program. The success of the winter programs can be easily seen because the savings in welfare payments and improved tax revenue has more than equaled the cost of implementing the programs.

The early experiences of the manpower programs prompted Canada to restructure the Federal agencies into a single department which gives major responsibility to the Ministry of Manpower and Immigration. The administrative structure was developed to coordinate all manpower and employment programs and administer services previously provided by other agencies. Policy making is made at the national office in Ottawa and there are 5 regional offices to implement these policy decisions. The heart of the program is the Manpower Centers where all the Manpower programs are tied together and implemented through a nationwide network of centers. Each center attempts to earn the confidence of workers and employers through recruiting, job finding, training, mobility programs and the rehabilitation of workers.

The lines of responsibility run solely from the Director General in Ottawa to the Director of a region. Each region is equipped with a clearance system which is connected with other regions so that maximum communication is readily accessible.

The many aspects of Canada's manpower policy provide insights that could aid the United States and New York State in finding solutions to pressing problems. Particularly relevant to our needs are the incentives offered to increase worker mobility and reduce seasonal unemployment. In New York State the industries with the highest rates of unemployment are the garment and construction industries, which undoubtably is attributable to seasonal factors. The type of organization, particularly the concentration of manpower policy and decision making, make Canada's approach to manpower problems one that must be considered in finding solutions to our economic and social problems. If we are to develop such a comprehensive battery of tools to develop manpower resources in the United States, the problem is to whom these tools are to be made available, a major manpower agency with comprehensive responsibilities, or to many agencies with fragmented responsibilities. At the New York City hearing Alfred Green, quoted E. Wright Bakke in *A Positive Labor Market Policy* (Charles Merrill, 1963) on this issue as stating:

> *We turn now to the question of whether the role of initiative and leadership can be operationally effective unless the services are authoritatively integrated and unless the authority for the direction and coordination of all of them is lodged in one of them or in some organ superordinate to all of them. Our answer is that such allocation of status and authority is essential. When, however, we survey the vast dispersion in the United States of these tasks that fall logically and necessarily under the employment and manpower umbrella, the first inclination is to throw up our hands in despair at ever achieving any integrated direction and coordination. And the allocations of authority are so numerous that the obstacles to their integration organizationally may be well-nigh insuperable.*

As Mr. Green pointed out, Bakke's statement was made before the further proliferation of Federal agencies with the advent of the Economic Opportunity Act programs.

Mangum and Levitan present a recomendation for consolidating manpower programs on a functional basis in *Making Sense of Federal Manpower Policy.* They would integrate under a proposed agency the following programs.

1. Programs now under the Manpower Administration of the Department of Labor;
2. The job creation and training programs authorized by the Economic Opportunity Act;
3. Vocational education;
4. Vocational rehabilitation; and
5. Manpower research activities of the Bureau of Labor Statistics.

The repository for these programs in the Mangum-Levitan plan would be the United States Department of Labor, as being more politically feasible than creating a new department. Such proposals may well be sound administratively but represent extremely tough political choices, sure to be opposed by the staff and constituency of many agencies to be so consolidated. On the State level consolidation is even more difficult because of the need to seek Federal approval of many necessary changes.

The State of California however, has taken a major step toward such consolidation. California consolidated its major training programs by creating a new Department of Human Resources Development, within which a Division of Job Training and Development was established. This involved consolidation of California's Employment Service, State Office of Economic Opportunity, Services for the Aging, and the system of State Service Centers. The new department is responsible for the management of all state and Federal funds for Human Resources Development through a "Manpower Development Fund." The California move did not consolidate the education programs with important manpower components however. Also its conformance with Federal regulations is dependent on the actual implementation of manpower service delivery under this system, which may stretch or violate program oriented Federal administrative guidelines.

On the Federal, as well as State level, the broadest based manpower institution is the Federal-State Employment Service, which in New York State is the Division of Employment, New York State Department of Labor.

The present Federal-State Employment Service is an outgrowth of the Public Employment Service created during World War I. This agency ceased to function during the prosperous 1920's but the high unemployment of the Great Depression demanded that such an agency be reestablished. Congress responded with the Wagner-Peyser Act of 1933 which provided "for the establishment of a national employment system and for cooperation with the states in promotion of such a system." In order to induce the states to establish employment services, the Wagner-Peyser Act provided for the federal government to match all funds spent by the individual states in establishing and administering the program. By 1935, when the Federal Social Security Act was approved, 24 states had established employment services.

Title III of this Act drastically changed the funding procedure of the entire Employment Service by imposing a tax of 3% on total payrolls on all employers having 8 or more workers "in 20 weeks in a calendar year in covered employment." This tax forced all states into establishing and administering an Employment Service because besides providing the funds for unemployment insurance beneficiaries, the Act also provided for Federal grants to the states for the total cost of administering and establishing the Employment Service system. If states did not establish such a service, they would lose the proceeds of the tax to the other states.

During the Depression of the 1930's, jobs were scarce and the Employment Service evolved into a screening agency for applicants for welfare and the various work relief projects that were established to create jobs. Its first serious challenge came shortly after our entry into World War II when the manpower demand of the war created a severe manpower shortage at home. The State Employment Services became federalized and were placed under the control of the War Manpower Commission. After making a significant contribution to the war effort, the Employment Service was restored to the states where it became an agency to ease the adjustment of returning veterans. Its achievements during this time included the establishment of an effective placement service, employment counseling, labor market analysis and providing information and direction to community organizations in employment planning.

During the post war period and prior to M.D.T.A., the Employment Service maintained a placement service and administered unemployment insurance. It did not become active as a vigorous employment agency particularly among the disadvantaged and by 1960 budgets were at a lower level than in 1948.

The Employment Service does not act as the primary source of placement for the work force. In the job search process, the Employment Service is a relatively minor source of assistance. Those seeking work depend upon word of mouth contacts with current job holders, advertising, and services of private employment agencies much more than the public employment service. In 1962 a study by the Bureau of Employment, of the United States Department of Labor, based on sample studies by state employment services from 1960–62, indicated the following percentage breakdown of job placement.

Channels Used by Workers to Obtain Employment

Direct Hiring by Employers	36%
Relatives, friends, etc.	23%
State Employment Service	16%
Newspapers	11%
Fee Agencies	4%
Other	10%

Criticism of the Employment Service has been extensive since its creation in 1933. Attacks have come from private employment agencies, employers decrying the quality of referrals, and government administrators attacking its preoccupation with processing unemployment insurance claims and its minor role in job placements. Adverse comparison with European national employment exchanges has been frequent. The European counterparts, are more fully active manpower agencies, but still effects only some 30% of all job placements.

The basic problem with the Employment Service is its tradition of being an "unemployment service". Designed to register and refer jobless workers when it was created by the Wagner-Peyser Act of 1933, and given responsibility for unemployment insurance administration by the Social Security Act of 1935, the Employment Service has become associated in the public mind, particularly in the employer's mind, with the unemployed and perhaps unemployable worker. Prior to recent years, only during World War II has the Employment Service achieved the role of a comprehensive manpower agency, and that was due to wartime labor market conditions, and financial incentives for employers.

In order to coordinate and deliver the manpower resources provided after the 1962 passage of M.D.T.A. and subsequent legislation, Congress was convinced that maximum utilization must be made of the Federal-State Employment Service system. The size of its resources, a national network operating over 2,000 employment service centers throughout the United States, are unmatched and make the service the logical implementor of manpower policy and programs. However, the history of the Employment Service as a labor exchange and an administrator of unemployment insurance demanded that drastic changes be made before it could fill this role.

The legislation of the 1960's demonstrates the evolution that the service has undergone in order to improve the labor exchange for all those in need of employment assistance and/or training. Among others the Farm Labor Contractor Act of 1964, the Civil Rights Act of 1964, the amendments to the Immigration and Nationality Act, and the 1966 Veteran's Readjustment Benefit Act have added heavily to the service's new responsibility created by the earlier manpower training legislation. Amendments to original manpower legislation increased the administrative and coordinative role over anti-poverty manpower programs, and recently the WIN program. To implement their increased responsibilities, Congress has more than doubled the Federal-State Employment Services budget during the 5 years preceding 1968 (from $153 million to $341 million) and the number of local offices has increased by over 20% (to 2,147).

One of the service's major new responsibilities is its role as a coordinator in the Concentrated Employment Program. The role of the Employment Service in C.E.P. is to provide the basic services that clients need to find steady work. Efforts are made to involve the whole community, including business groups, labor and recently a directive has been issued that requires that half of C.E.P.'s staff be residents of the neighborhoods where the program is concentrated.

In addition to C.E.P., the New York State Division of Employment provides today a comprehensive program of job placement, counseling, testing, and administers the State's unemployment insurance program. This is accomplished through 217 offices located throughout the state, which have an estimated $97 million appropriation for 1969–70. These offices include unemployment insurance offices, Apprenticeship Information Centers, Youth Opportunity Centers, and specialized employment offices to serve specific occupational groups.

Besides processing an average of 167,000 unemployment insurance claims weekly in 1968, the Division of Employment referred over 1.3 million applicants to employers, placed over 754,000 of these, and conducted counseling interviews for over 1/4 million individuals. Since the Economic Opportunity Act of 1964 the employment service has been given substantial responsibility for coordinating and administering anti-poverty manpower efforts. As has been noted above the employment service's role in providing employability services to welfare recipients has been tremendously expanded with the addition of the Work Incentive Program to its responsibilities.

The expansion and evaluation of the Employment Service has not been accomplished without some major problems. Inadequate staffing, the result of its former role as an "unemployment" service, has delayed aggressive action by the service in carrying out the new demands placed upon it. In addition, local problems involving competing agencies have stretched its limited resources even further. There has been a serious time lag between Congressional approval of training programs and the subsequent funding of such programs. This time lag has created additional suspicion and mistrust among minority groups who, hearing of a program, apply for service and find that a waiting period is necessary until funds "float down" to the local agencies from Washington.

In order to cope with the problem of discrimination in employment, the New York State Division of Employment has established the Minority Groups Services Office. The functions of this unit include analyzing statistics on the employment status and placement of groups likely to suffer from discrimination, to report discriminatory job orders to the State Division of Human Rights, to work with other anti-discrimination agencies, and to anticipate difficulties that may arise and to recommend ways of overcoming them.

The Division of Employment is developing a computerized system designed to improve and speed up services in the New York metropolitan area. This file will contain the largest, most detailed and comprehensive record of applicants in the country. The record will include all employment information including education, training, work experience, etc. In order that they may receive special attention, disadvantaged job seekers will be identified separately and a complete case history file will be established for them.

In order to supply the necessary trained personnel needed by the Division to carry out programs aimed at the hard-core unemployed, the approval for establishment of a Manpower Staff Training Center was received during 1968. The need of such a center was first noted in "Manpower Policy for New York", a report submitted to Governor Rockefeller by the Industrial Commissioner. The report included the following recommendation with respect to the establishment of such a center:

> *The ability of the State Employment Service to carry out the expanded program objectives . . . will depend on the availability of adequate numbers of staff trained in manpower development processes—including interviewers, counselors, community workers, training supervisors, and administrators.*
>
> *Since for the most part such people cannot be recruited, but must be trained, there should be established in the Labor Department a training center, or academy, to train and upgrade those engaged in counseling and placement activities. While at the outset such a center would be used for training staff of the State Employment Service, its facilities ultimately could be available for training staff of other agencies engaged in manpower programs.*

The objectives of the center will include the fostering and improvement of the Department's programs for the disadvantaged, providing members of minority groups currently employed in the Division of Employment opportunities for advancement, to train individuals for jobs that are presently experiencing labor market shortages, and to make it possible for candidates for counselor positions to acquire minimum qualifications.

Addititonally, the Division is playing an essential role in an experimental project that could become a model for future manpower training programs. The Syracuse Upgrading project, a joint effort of the Employment Service and Syracuse University, is presently training less-skilled employees in the metal working industry for higher skilled jobs, such as lathe operators, welders and paint spray operators. Utilizing the career ladder concept, it is planned that the vacated jobs can then be filled by lesser skilled or untrained people. While not aimed directly at the hard core unemployed, it will open up a number of positions (an estimated 700) that they can fill and, at the same time, offer them an opportunity to upgrade themselves.

An amazing transformation since the early 1960's in the Employment Service has brought its local offices into the mainstream of anti-poverty efforts as well as establishing a stronger placement role for the agency. Much of the criticism of the Employment Service originates with those who remember it as a moribund bureaucracy. With its transformation it no longer fits that label. As perhaps the Service's greatest proponent its New York State Director Alfred Green, stated in testimony before the Senate Committee on Employment, Manpower and Poverty:

> *The State Employment Service with its substantial knowledge of jobs and labor market needs, its vast network of employer contacts, its close associations with many community agencies, ability to organize and manage complicated programs, among other significant advantages, is well prepared to undertake on behalf of anti-poverty services these specific functions—job development and placement, employment counseling and referral to training. While we feel strongly that the Employment Service should be entrusted with the work in these areas necessary toward assisting the unemployed, at present this is obviously not the case. In New York City, for example, a host of agencies share responsibility for placement in jobs of the disadvantaged and the related duties of referral to job training opportunities, counseling and job development. Needless to say, duplication and waste are prevalent and confusion is rampant. It is not inconceivable, for example, that the same Manhattan employer will be urged by a half dozen separate agencies to provide jobs for members of poverty groups. It is a tribute to the employer community that it has, in the face of this duplication, managed to extend its cooperation to the degree that it has.*

There can be little question that a stronger employment service with more responsibility, more staff, and a continuous source of funds can alleviate the administrative confusion created by the pattern of many smaller agencies operating in a segment of the manpower field only.

These varied experiences suggest a possible approach to the reorganization of manpower planning and service delivery in New York State. The Committee has carefully considered the problem of bringing into existence a comprehensive manpower development agency. The goal of such a project would be to establish a unified administration of manpower programs, but more importantly to provide at the local level a community based manpower services delivery system. Such a system was designed by the Manpower and Career Development Agency for New York City. Essentially, it involved decentralization of employment outlets to provide easy access to employment services, and with this easy access, the availability of the complete battery of manpower services available from government. The ideal would be to have an applicant come into one office, an office he can easily find, or one which reaches out to seek him, and be able to receive evaluation of his employment difficulties and referral on an individualized basis to whatever manpower services he needs, from counseling, training either prevocational or on the job, to placement in employment at the most realistic level in terms of his abilities. Theoretically such services are available to the handicapped through Vocational Rehabilitation, and through Youth Opportunity Centers and C.E.P.'s of the Employment Service. But, on a comprehensive basis statewide they are not available. Under full implementation of the Manpower and Career Development Agency proposals, they would perhaps have been available on a comprehensive basis for the disadvantaged in that area.

This idealized picture could be a reality, although an expensive one. The Committee in examining the road to such a system sees the Employment Service as the logical delivery system. To implement such a plan requires several steps:

(1) THE DEVELOPMENT OF A STATE MANPOWER PLAN BY THE MANPOWER RESOURCES COUNCIL;

(2) ESTABLISHMENT OF A GUARANTEED MANPOWER OPPORTUNITIES ACT AND CREATION OF A MANPOWER RESOURCES DEVELOPMENT FUND SIMILAR TO CALIFORNIA;

(3) DEVELOPING THROUGH THE MANPOWER RESOURCES' FUND, A SOURCE OF FUNDING INDEPENDENT OF ANNUAL STATE APPROPRIATIONS;

(4) CONVERSION AT THE FEDERAL LEVEL OF PROGRAM ORIENTED FUNDING OF MANPOWER DEVELOPMENT AND TRAINING PROGRAMS TO A "BLOCK GRANT" APPROACH, SIMILAR TO THE FUNDING OF VOCATIONAL REHABILITATION AND VOCATIONAL EDUCATION.

(5) STRENGTHENING THE STATE EMPLOYMENT SERVICE TO PERMIT IT TO SERVE AS THE PRINCIPLE VEHICLE FOR DELIVERY OF MANPOWER SERVICES IN NEW YORK STATE.

(6) REDUCING DUPLICATION AND FRAGMENTATION OF MANPOWER PROGRAMS BY CONSOLIDATING OR COORDINATING PROGRAMS WITHIN THE EMPLOYMENT SERVICE.

These steps are discussed in turn below:

(1) The development of a State Manpower Resources Plan is a precondition to any effective comprehensive manpower development program. The new Manpower Resources Council is apparently the agency selected to do this job in New York State. Closely linked to the State's planning and budgeting systems it is probably the only vehicle available. To fill the need for carefully considered planning and establishment of priorities, this Committee has regarded an "umbrella agency" as essential. As advice to the Manpower Resources Council which has become this "umbrella agency" the Committee offers the following statement to this Committee by Solomon Barkin, of the University of Massachusetts, before the creation of the Manpower Resources Council:

> *It is essential that there be an overall state planning and policy agency dealing with the problems of manpower. It should not be an administrative agency bogged down by the current problems of getting an efficient integration of services. It should be promoting the state's economic and social objectives in terms of the most desirable deployment of the human resources of the state. Its concern should extend not merely to the employed or unemployed but also to the subemployed and those potentially employable who may be helped through adaptation and training to become productive and self-reliant citizens in the community. Its concerns should extend beyond the recruitment of the appropriate numbers of people and reach into the assurance of the most productive placement of them. Its responsibilities should also help to evaluate the demands and needs for employees. Where are likely scarcities to arise? How can they be anticipated, and met? Will it require training, upgrading, extended education or job redesign to adapt the employments to the available manpower supply? How can the work force be kept sufficiently mobile so that the economic losses from unemployment and movement and that the rates of turnover be kept at a minimum? Are our present facilities and programs for assuring adequate but not excessive mobility sufficient for an efficient highly productive work force?*
>
> *Where there are shortages of jobs, how shall the gaps be closed? Is it possible to attract jobs? How long will it take? Should outmigration be encouraged in the meantime?*
>
> *These immediate and long-term questions should be considered by the manpower agency. Without an organization constantly reviewing the operations of the labor market and carefully defining needs and priorities to achieve the state's goals, we shall be relying on last minute improvisations, a procedure which in the long run proves both costly and most often unsatisfactory.*
>
> . . .
>
> *This agency as has been made clear should be a policy body. Its function is to define needs and problems and to indicate the types and the scope of services which may be needed to answer our problems. There are several basic reasons for separating the policy from the administrative agencies. First, the problems are constantly changing and the needs are never static. The relative role which specific services have to play will change with time. New ones will have to be introduced and old ones contracted to keep abreast of developments. There is a need for an agency which is goal-orientated and which is dedicated to the primary objectives, and not to specific services and agencies. This body cannot have vested interests in a specific group of administrative instruments.*
>
> *Second, to be effective, it has to influence many different groups. There are the executive leaders of government, the law-makers, the leaders on non-governmental interest bodies, opinion leaders, and the general body of citizens. It always has the responsibility for counseling and pursuading these groups on the proper direction which the manpower services should take and the programs which should be implemented.*
>
> *It has a most delicate role to play within the governmental apparatus. Manpower policies and objectives cannot be realized through one group of agencies. The causes of the difficulties in the labor market are rooted in a wide gamut of social and governmental institutions and behavior patterns. Remedies must be sought in getting each and every agency to contribute to the desired improvements. Existing policies and programs remotely connected with the direct labor market agencies will have to be altered to reinforce and supplement the services and programs conceived and constructed for the employment market. Health services, educational programs, housing facilities, economic development and general economic policy all have a tangible and material effect on the participants in the labor market and on the results and their individual effectiveness and achievements. The overall agency has to have the competence and ability and the means to pursuade these other agencies that they should cooperate and assist in the achievement of the state's goals in the manpower field.*

> *Third, an effective manpower policy system for the state requires careful consideration and evaluation of the services and funds provided by the individual enterprises whether they be private, semi-public or governmental. It would require careful and intimate knowledge of the action in these fields and appraisal of the degree to which their efforts and contributions contribute to the desired overall result. Moreover, there is a real need for identifying areas beyond the training field where the respective industries can on a self-governing basis assume a wide responsibility for discharging a number of important functions in the solution of manpower problems.*

(2) The enactment of a guaranteed manpower opportunities act by the New York State legislature (see Chapter 5) would establish a state commitment to manpower development which would be the target of all manpower efforts. The Committee firmly believes that manpower development involves far more than anti-poverty activities, though the disadvantaged must be a priority target. All individuals experiencing employment difficulty or underemployed in terms of their capacity have a basic right to opportunity which government in cooperation with the private sector must guarantee. Those individuals who need these services are New Yorkers. They can not go unassisted because of limited Federal funds. The State must undertake to provide additional manpower services to levels approaching the need for these services, and quickly.

(3) The creation of a pool of finances to be devoted exclusively to manpower development including a source of continuous funds from an unemployment insurance tax, other State revenues, and Federal assistance, in a Manpower Resources Development Fund, would provide a basis for the expansion of manpower services to meet the needs of the residents of New York State. This fund could be allocated to the extent Federal guidelines permit on the basis of a manpower resources plan. Planning could be then undertaken with certain knowledge of the anticipated reviews.

(4) If the Federal government would 1) provide more block grant funding and 2) give some weight to the State's resource allocations in approving the funding of manpower efforts, much can be accomplished in terms of bringing order to the fragmentation of service delivery in the manpower field. The creation of the administrative machinery and a sizeable commitment of State resources would be adequate assurance to Federal agencies that funds would be well spent at the State's discretion. An unwillingness to undertake extensive manpower efforts can not be attributed to New York State which has usually matched allowable Federal revenues.

(5) & (6) Strengthening the Division of Employment is a critical priority. The Employment Service must be funded to expand its activities at the local level, to bring manpower services to a larger fraction of the disadvantaged sector of the work force, without impairing its normal labor market exchange functions. With the creation of a Manpower Resources Development Fund should come assignment of responsibility for its administration to the Division of Employment. The legislature should require the preparation of an annual Manpower Report by the Division of Employment as a basic means of following current manpower developments. Further, the legislature should undertake to study the consolidation of additional manpower programs under this division. With its extensive outlets throughout the State, its experience, and current program responsibilities, the Division of Employment is best suited for a new role as the prime agency for delivery of manpower services.

The Division could logically include many programs outside its current scope including those of the Labor Department's Division of Manpower, all manpower activities of the Social Services Department, and the Divisions for Youth and Aging, vocational education and rehabilitation programs of the Department of Education. The feasibility of consolidating or strengthening the coordination between these agencies must be examined in depth by the legislature and the Manpower Resources Council. The Committee will undertake to launch a major study of these programs between relevant committees of the Legislature before the next Legislative session.

To further the State's ability to coordinate manpower development, all potentially disfunctional activities must be carefully evaluated. One danger to be avoided is the creation of new manpower programs by the Legislature unless they can be effectively administered through existing agencies. State funding if made available to assist the creation of local government manpower agencies, should be avoided for similar reasons.

Legislation and research needed to implement these proposals will be initiated by the Committee in coming months. The ultimate result of implementing these proposals will be a manpower program substantially more comprehensive and administratively coordinated than that which currently exists.

SUMMARY AND RECOMMENDATIONS

After two years of intensive study of the manpower problems of the State of New York, this Committee has found that the active manpower policy of the Federal government, which spearheads the joint efforts of State and local governments, community organizations and business groups concerned with manpower development, is neither comprehensive nor fully integrated, nor effective, nor adequate in meeting the needs of the labor force.

The Committee found that a manpower paradox exists which is represented by unfilled job openings and a surplus of unwanted, underskilled workers. The basic reason for the existence of this paradox is the failure of private and public remedial efforts to adjust to the manpower requirements of a technologically sophisticated and rapidly changing economy. The gap between the skills of the work force and the skill requirements of the economy prevents many individuals, the under-and unemployed, from sharing in the wealth of a prosperous nation. For these economically disadvantaged groups, the lack of adequate income from employment creates pressing individual, family, and social problems.

The disadvantage created by the skill gap is supplemented by significant barriers to employment opportunity which exists in the operations of the labor market, the mismatch in the location of surplus manpower and available jobs, the failure of the informational system in the labor market to adequately inform job seekers of available opportunities and the barriers raised by the "credentials system". The Committee found that large numbers of unemployed individuals, particularly members of minority groups who reside in the central cities, were effectively insulated from the rapidly expanding number of suburban job opportunities, a situation which the Committee termed "a mileage gap". These individuals were also insulated from knowledge of existing jobs because this knowledge too often did not penetrate to their neighborhoods. The hiring practices of employers, both public and private, were found to be based on requirements for credentials such as educational achievement and clean police records which, in effect, discriminated against those individuals who because of poverty, ignorance, and an inadequate educational system, among other reasons, could not obtain these credentials. These credentials are established through the job specifications of employers, civil service regulations, licensing requirements, and apprenticeship standards.

In discussing the training and employment efforts underway in industry and in government, the Committee noted that these extensive efforts conducted by numerous agencies failed to adequately provide for the employment needs of the work force. A need was established for a permanent training system in industry and government employment. Further, the Committee discovered that little was being done to effectively eliminate barriers to the employment of the disadvantaged existing in labor market hiring practices. Much was found to be done through manpower and anti-poverty programs of individual agencies which was also being attempted by other agencies at the Federal, State and local level. Interagency coordination was found to be particularly inadequate. There was no comprehensive manpower policy or implementing agency, or comprehensive planning body.

The manpower development problem was found to be further complicated by the existence of a public assistance system which in providing income maintenance and social services to the less priviledged dwarfed these manpower development efforts. The public assistance system was found to provide disincentive to employment for its clients, encouragement to the working poor to seek income maintenance under it, and an incentive to family instability among the disadvantaged. The Committee found that existing employment efforts were inadequate to the task of reducing the numbers of individuals dependent on such public assistance, but saw potential for rehabilitating employable relief recipients and those individuals whose families were supported by public assistance through vigorous manpower development efforts.

A basic problem created by the existence of the public assistance system was the effect on the decision to work of low income family heads caused by the availability of public assistance which would produce family incomes in excess of that which could be produced by the family head who could earn only minimum wage levels. The Committee recognized that wages tend to be based on productivity rather than on family need. And that some individuals because of handicaps of a personal or social nature, would never, or at least currently could not, be able to earn substantially more than minimum wages. Because of this realization, the Committee found a definite need to provide income supplements to the families of such low income workers. In examining the alternative ways to do this, the Committee rejected the lowering of subsistence public assistance benefits as socially undesirable and also saw extreme difficulty in increasing minimum wages beyond the levels of States within this economic region. The Committee found family allowances, a government subsidy paid to the parents of children, to be a possible source of such income supplementation. Further, the Committee recognized the utility of tax exemptions for low income families to increase their actual spendable income. Also, the Committee found that low income families beset by periods of unemployment were inadequately protected under the present unemployment system and therefore saw a need for greater benefits for those unemployed workers with family responsibilities.

The Committee's major recommendations with respect to providing a more effective manpower development system included:

—The commitment of significantly larger fiscal and administrative resources to manpower development by the State of New York,

—The development of a manpower resources plan for the State which would be based on an accurate assessment of the needs of the labor force, the requirements of employers, and implemented through a continuous planning process under the umbrella of the State's Manpower Resources Council,

—The expansion of the staff and the responsibilities of the State's Employment Service, the Division of Employment of the New York State Department of Labor, in order for it to become the comprehensive implementing arm of State manpower policies,

—The enactment of a Guaranteed Manpower Opportunities Act to officially establish a State commitment to provide every New Yorker with employment assistance necessary for him to find permanent employment at the job for which he is best suited,

—And through such an act, the creation of a Manpower Resources Development Fund to pool all available State and Federal revenues earmarked for manpower development, and

—A major source of State funds for manpower development from an employer's payroll tax of a fraction of one percent raised through the unemployment insurance system and supervised by an Employers Advisory Council to the Manpower Resources Fund.

The Committees recommendations with respect to removing barriers to the employment of the disadvantaged included:

—A study of the effects of unrealistic credentials on the number of employment opportunities available to the disadvantaged,

—A study of the licensure provisions in State law to seek ways to provide more readily available employment opportunities in licensed occupations to the disadvantaged.

To fully use the resources of the State in its role as employer and to fill the need for the creation of public sector jobs for the disadvantaged which would meet the legitimate manpower needs of the State in its human services fields, the Committee recommends:

—New Careers Program for the Public Sector to provide an evaluation of the career structure and credential system within State employment, an analysis of dead-end jobs of restricted career ladders and the development of new careers and in-service training opportunities for State employees,

—The establishment by the New York State Senate of an Advisory Panel on New Career Opportunities in Public Employment, consisting of academic, business and government experts, to implement the goals of the above program,

—The Committee itself, will undertake preliminary evaluation of current training efforts in State employment in cooperation with other Standing Committees.

With respect to employing relief recipients and providing income supplements to the families of the working poor, the Committee recommends:

—Continued expansion of day-care opportunities with a priority given to children of employable parents receiving public assistance,

—Expansion of the work incentive and training efforts of the W.I.N. Program to Home Relief as well as the A.D.C. Program,

—Maximum employment of welfare recipients in the social services field,

—Provisions of dependents' allowances under unemployment insurance,

—Congressional legislation providing income tax relief for large families of low income,

—A family allowance to provide monthly income to parents based on the number of people in their families, and

—Expanded use of the unemployment insurance intake system to provide both unemployment benefits, dependents' allowances, and supplemental public assistance, at one time, through one office, along with any needed manpower services for the unemployed individual.

The Committee intends to implement its recommendations by further research in cooperation with other legislative committees in order to file a comprehensive legislative program at the 1970 Session.

Appendix A - Introduction to the Preliminary Report of the Committee on Labor and Industry, June 1968

THE MANPOWER PARADOX: WORKERS WITHOUT JOBS; JOBS WITHOUT WORKERS.

BY SENATOR THOMAS LAVERNE

Despite twenty years commitment to a full employment policy, this nation confronts a manpower paradox. A surplus of unfilled jobs exists simultaneously with a surplus of idle workers. Help wanted signs upon our factory gates contrast sharply with groups of unemployed, unskilled, under-educated and tragically unused workers congregating in our urban slums. Of course this unemployment is not unexpected in an economy undergoing rapid technological change, but the social costs are reasons for concern. The violence of past summers has focused world wide attention on our urban ghettos. Fear of violence to come is only now prompting belated responses to the economic and social conditions underlying riots. Our inadequate appropriations for programs with maximum press value have failed to search out, train and employ the disadvantaged worker, to substitute rehabilitation for relief in our social policies, and have failed to sharpen our weapons in the war on poverty.

Our failure is a national responsibility. An active manpower policy has been in the making only since 1962. Only last year did we begin attempting creative alternatives to welfare dependency through employment incentive programs. Only in recent months has government called for a mobilization of private enterprise as an alternative to government spending on manpower training. This awakening to the reality of the ghetto is welcome if late. *Perhaps the nation is now prepared to change its wars on poverty and haphazard attacks on unemployment into an innovative assault on dependency.*

Dependency is the basic state of the loser in our economic system. A competitive free enterprise economy necessitates some social cost to those who don't start with equal advantages. The dependents in our society are precisely those whose education or lack of it, inadequate skills, and culturally determined lack of motivation have made them non-competitive. Their economic situation is one of joblessness, or perhaps worse under- or sub-employment—the cruel illusion of job holding, which in some measure contributes to all ghetto conditions. Behind rural to urban migration patterns, overcrowded housing conditions, persistent inability to break the cycle of dependency, and the breakdown of ghetto family structure, is this lack of productive work for family breadwinners. The "sub-employed" worker, a technical description for individuals employed only infrequently in demeaning, servile, useless enterprise is too typical of the ghetto father. The decline of the Negro male's family role suggested by the controversial Moynihan Report is traceable to his inability to compete economically, and can only be arrested through employment. But the job must be meaningful in terms of income yield, status elevation, and sense of accomplishment to the worker.

Answers to the problems of dependency are not obvious, not simple, nor inexpensive. We must however begin with a realization that productive work, the job, to a large extent will provide an alternative to relief programs. Earnings are the most acceptable form of income maintenance. There are substantial limitations to this approach, which will be indicated in following chapters, but it offers great promise. An effective, not merely an active, manpower policy is the necessary ingredient.

But government can not develop such a policy alone, since manpower policy is made at many levels in our economy. Government manpower policy is influenced by private decisions, local educational opportunities and by the employment choices of individuals and families. Within government, we find that manpower policy and its program implementation is a Federal responsibility, since it has been Federal funds, Federal legislation, and Federal agencies which have spearheaded the governmental attack on unemployment. The Employment Act of 1946, stated an ambiguous and restricted national commitment to full employment but resulted in little action prior to the early sixties. Successive Congresses over the last seven years have passed manpower legislation of unparalleled proportions. We have seen the enactment of the Area Redevelopment Act and the Manpower Development and Training Act of 1962, the Accelerated Public Works Act, Investment Credit Act, Economic Development Act, Elementary and Secondary Education Act, and various war on poverty programs. All were marked by extensive Federal spending, and extensions of Federal bureaucracy.

But the economic and social conditions have steadily worsened in slum areas. This realization led President Johnson in his January 23, 1968, Report to Congress on Proposed Manpower Programs to state, "Our past efforts, vital as they are, have not yet effectively reached the hard-core unemployed." Two billion dollars will be appropriated in 1969 for manpower programs according to the President's plans. Yet the President's Commission on Civil Disorders has more recently called for even more massive expenditures.

We are at a critical junction in manpower policy. Do we, accepting the failure of current programs, state that the answer is more of the same. Or do we take a jaundiced view for the purposes of self-criticism and rethink our basic approach.

The active manpower policy embodied in current Federal legislation has several flaws. One such flaw is its complexity. The indefinable confusion accompanying programs stamped "Made-in-Washington" is no where so apparent than in manpower programs. *A multiplicity of Federal programs rarely building upon existing legislation have created a haphazard approach which is neither adequate nor effective.* There is no coherent Federal manpower policy nor a single comprehensive Federal agency coordinating manpower programs. Those Federal programs operate in New York State with little coordination at the State level; State planning efforts are hampered by conflicting program guidelines, cumbersome Federal procedures, and uncertain Federal appropriations. No comprehensive State program has been developed because of the nature of Federal involvement. Because we have largely confined State efforts to a supplementary role, accepting Federal responsibility for our manpower problem, we lack a State commitment to manpower development. *New York has no full employment act, no comprehensive manpower planning agency, no effective administrative coordinating agency for manpower development and no allocation of sizeable fiscal resources to manpower development.*

The result is a Federally led program which falls far short of providing enough manpower training slots to meet the needs of our disadvantaged workers. Perhaps, one-third of the State's requirements for manpower training will be met in 1968. The State has recognized the need for manpower training for 650,000 individuals doomed to under- or unemployment without training assistance. But the State has not guaranteed training opportunities to these individuals. This failure must be remedied. *New York cannot tolerate 300,000,000 wasted man hours each year.* While our ghetto problems increase, our economic growth rate is lagging. The magnitude of our training needs will strain our resources if financed entirely by government. New departures will be required to enlist the active commitment of the immense resources of the private sector.

Our manpower programs are oriented toward Federal government expenditure, program design and control. It is an absurdity that these programs—to a large extent good programs, which have had some success—involve private enterprise in only a limited manner. It is obvious that the productive capacity of private industry is significantly dependent on manpower resources. Sixty-million workers are presently employed by private concerns. The World War II success of private training programs, financed by government, appears to have been lost with time. On-the-job training has only been made an effective part of M.D.T.A. programs since 1965. Only in 1968 does the President call upon private participation in manpower activities. The call is for a public-private partnership. Industry is asked to recognize its social responsibility and join to train and employ the unemployed.

Private enterprise has already begun to awaken to the nation's needs. Recent developments indicate the extent of this involvement. The formation of urban coalitions and National alliance of Businessmen are buttressed by less well known actions of business concerns and organizations to offer jobs to disadvantaged workers. This awakening has led to innovation and initiative of a unparallelled nature. We see Job Fairs in major cities, television and radio Job Shows, and the organization of employers into job finding associations, such as Rochester Jobs, Inc., in Rochester, New York.

Private response to Federal requests for partnership may be expected to be enthusiastic. But, if private enterprise is to contribute to the greatest extent, government financial assistance will be necessary. The corporation for all its resources of talent and wealth and for all its social awareness is not in business for social welfare purposes. Profit making is the goal of private enterprise, while involvement in hiring and training disadvantaged workers will be costly. Although it may be argued that private enterprise should act without subsidy in the interests of preserving its urban markets, upgrading the productivity of its labor force, and filling unmet manpower shortages, employing workers from the ranks of the disadvantaged is uneconomical without government subsidy.

The extent of such subsidy requires intensive study. various manpower training programs utilizing the on-the-job (O.J.T.) training concept already subsidize industry for job training. Such subsidization includes contractual agreements for reimbursement of excessive training costs, compensation for material losses due to unskilled workmanship, and trainee allowances for training (time other than actual production) time. The New York Job Development Authority, which provides loans to local non-profit industrial development corporations to expand job opportunities, is another instance of government financial assistance for job development purposes. The proposed Urban Job Incentive Board will offer tax incentives to encourage business to locate in urban core areas, providing jobs for residents living in these areas. What is lacking, is a coordinated financial incentive program available to private industry for hiring and training disadvantaged workers.

Extension of current aid programs to cover all businesses hiring and training disadvantaged workers, regardless of whether or not these workers are enrolled in M.D.T.A. or other formal programs, should be considered. For areas with exceptionally high unemployment massive private hiring and training programs could be aided on a cost plus basis. Training needs may well be met by contracting out training programs, rather than direct government operation. Many alternatives exist for increased private participation. *The requirements of the disadvantaged workers demand serious consideration of new departures in manpower training, departures which maximize private participation.*

Provisions of financial incentives to employers of disadvantaged, previously unemployed workers, must be supplemented by some government financial assistance in upgrading skills of already employed workers who have already developed basic employability skills, and who are more readily trainable for higher skilled positions. Such upgrading of skills must be considered a state purpose, not merely a private responsibility. Working with labor and industry, government can tremendously accelerate upward mobility in industry. This process will serve to open up less skilled positions for disadvantaged workers more rapidly.

Since private industry is not alone as a major employer, government must continue to look to its own employment practices. Without padding government payrolls with nonproductive workers, government must continue to employ and train disadvantaged workers in large numbers.

The State's manpower effort would be a comedy of chaotic activity, if it were not also a tragedy. State programs are spread across the map of the State bureaucracy; coordination is nearly nonexistent. The blame is not altogether the State's, for New York is a forerunner in adopting vigorous program efforts, and attempting to control the multiplication of Washington programs. But, New York is a victim of the confusion at a Federal level. Nowhere is there a powerful central coordinator. Dozens of Federal programs, each tied to independent guidelines, and fluctuating appropriations handicap the State policy maker.

Much can be done at the State level. Coordination now primitive, can be made sophisticated and effective. The creation of a staffed, permanent manpower planning and policy making body at the State level is a long delayed first step. Research is needed into many facets of hard-core unemployment, and the effectiveness of current programs. Planning, based on research, is required to develop a meaningful series of State goals.

The State Manpower appropriation for 1968–69 is inadequate for a major commitment. The State cannot supplant the Federal Government in terms of fiscal effort for manpower purposes, but the State's fiscal effort must be increased. New York may innovate, refining current tools and developing new ones. A comprehensive Manpower Development program combining private and public resources in a maximum effort could lead to a better life for many New Yorkers and increased economic health for the State.

Recognition of the State's moral commitment to erase hard-core unemployment is an essential prerequisite for a comprehensive manpower development policy. Legislative enactment of a policy statement embodying this commitment could fulfill this requirement. Such a statement is long overdue. The Federal Full Employment Act of 1946, which stated an undefined full employment commitment, is inadequate for New York State. Indeed, any full employment statement fails to provide a basis for a manpower program unless it triggers government employment guarantees. Advocates of the government as "employer-of-last resort" call for the government to provide employment when unemployment rises above a certain level. Yet, a job alone, particularly when menial and unrewarding to the job holder in terms of either cash or satisfaction, does little to ease the condition of the disadvantaged. Under-employment is not a substitute for meaningful employment. Therefore, implementation of a State manpower development responsibility must concentrate on skill upgrading, employability training, fundamental education and education of employable workers rather than on simple job opportunity provision.

The central question is whether a variety of programs offering opportunities for job training which fall far short of meeting the total State need is to be the measure of the State's response. The Legislature in enacting Art. 23A of the Labor Law has recognized that disadvantaged workers are doomed to perpetual unemployment or underemployment without skill training. Can we tolerate dooming these disadvantaged New Yorkers to perpetual dependency? Can we afford to?

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The social consequences of dependency are too grave for further governmental inaction.

The State must undertake in cooperation with private enterprise and the Federal government to guarantee job training to every employable worker and potential worker who could benefit from it. Provision of such training is essential as provision of universal free public education and to some extent a logical extension of state purposes in education. A Guaranteed Job Training Act incorporating this principal should receive immediate, earnest legislative consideration.

The implementation of such guarantee on a comprehensive basis will be a formidable task. Establishing priorities and coordinating State efforts will require an unbrella agency to direct State resources and assess State training needs. An office for Manpower Planning and Program Coordination in the Executive Department representing both the legislative and executive branches of State government, as well as management and labor leaders, would fulfill this role. To be truly effective, we must improve our employment services, in order that our program opportunities are brought to those who so desperately need them. *A wide recruitment net must be cast to identify and contact all unemployed persons able to work, all marginal employees capable of retraining, all employable mothers desiring training and employment, all dropouts and returning veterans.*

Our current programs are directed toward a different person than the one we must reach. We are reaching the well-motivated, fairly able worker temporarily unemployed who is willing to seek our assistance. We must reach another person, who may not be a worker, a person unwilling to seek our opportunities, a person lost in a poverty milieu who lacks motivation, cares little for available employment, and who is disqualified without the assistance he fails to seek—the dropout from society. *The identification, location, and training of this man or woman will require an intensive Search and Employ operation.* Recruiters must leave their desks, even desks recently located in ghetto offices, and go into the homes, pool halls and bars of the ghetto. Our recruiters will have to be job salesmen, for the job must be sold in the ghetto where its value is not assumed. Perhaps the best salesmen would be ghetto individuals whose most sellable skill is their knowledge of the ghetto, its people, and its problems.

A concentrated manpower effort has to recognize the importance of a coordinated comprehensive approach to hard-core unemployment. The "poverty pockets", urban ghettos, and depressed or impacted areas require intensive recruiting, training and employment programs, which will engage a maximum of government and private resources. While notable efforts at interagency coordination are being made, particularly through the "concentrated employment program" concept, innovation in devising new roads to total community involvement with manpower efforts in these areas is certainly needed. *A Model Manpower Area program, which would combine every private and public resource in an experimental maximum impact program for selected areas, would fill the need for innovation.* State planning grants would be an essential catalyst to ascertain total need in a given area and plan most efficient use of resources to completely satisfy local training and employment requirements. Study of the success of such pilot programs would yield valuable insight into statewide manpower program operation.

This recommended comprehensive manpower effort will to some appear to be a leap toward government as the "employer-of-last-resort." And, to some extent, such a program is a realistic recognition of government's ultimate responsibility to guarantee employment for all its citizens. Yet, with intelligent use of governmental fiscal resources, expansion of existing effective programs, and a new incentive program to increase private participation, full employment may become a living reality in New York State. *Success will not be cheap, but resources consumed in rehabilitative efforts are far more preferable than current relief programs consuming present and future tax dollars, and certainly more desirable than the massive make-work programs now being contemplated in Washington.*

The economic consequences of programs which do not rehabilitate are a threat to fiscal solvency. Aid to Dependent Children and other relief programs are skyrocketing in cost. The title of the 1966 report on welfare by the State Board of Social Welfare, *One Million People—One Billion Dollars,* is indicative of the proportions. We are finding that unemployment insurance, our basic income maintenance device, has established levels of support entirely inadequate for today's needs. In addition to expanding welfare assistance, we are finding increasing pressure for additional income maintainence, the family allowance, the negative income tax, and related devices. The Vietnam War requirements which currently prevent serious consideration of these schemes will not restrain purse strings forever. Some of these steps will be taken. At best, as the President's Commission on Civil Disorders requested, we may be induced to undertake massive make-work programs, whose productive value is questionable, as a more "desirable" alternative than income maintenance through welfare. Or, more pessimistically, we will find ourselves still chained to an ever widening upward spiral of welfare expenditures, within a "more of the same" psychology.

The Senate Labor Committee has devoted much of its staff time and resources to this preliminary study of the manpower problem. Its findings and recommendations are outlined in following chapters. The report attempts to describe the hard-core unemployment problem, to assess the value of current efforts by government, and to suggest elements of a workable manpower program. This report represents the culmination of six months research efforts involving compilation of available materials, and dozens of interviews with programs officials at State, Federal and local levels. Its work should be regarded as a supplement to the efforts of the Special Senate Committee on Manpower, chaired by Senator D. Clinton Dominick III, during the 1967 legislative session.

On the basis of this document the Labor Committee will hold several public hearings, and further study the manpower problems of the State. Legislative recommendations will be forthcoming before the next legislative session.

The fruits of this study will determine in many ways the future of the disadvantaged in New York State. If employment, can at least in part, eliminate the need for relief, substantial savings may accrue to the taxpayer and true relief to the unemployed.

Thomas Laverne, Chairman

Appendix B - Summary of Findings and Recommendations

The Committee's preliminary inquiry into manpower development programs had focused on;

1) The nature and extent of hard-core unemployment; and
2) The effectiveness of current manpower programs in reaching the disadvantaged hard-core unemployed with employment services.

The Committee has highlighted the existence of a permanent hard-core disadvantaged group in New York State, generally distributed in urban ghettos, numbering close to one million individuals, for whom employment opportunities are scarce. This group is doomed to a vicious cycle of underemployment, unemployment, and dependency upon social welfare subsistence payments.

In contrast, the Committee has described a multiplicity of government financed manpower development programs effective to a large degree but basically missing the mark. These programs were characterized as inadequate, under-financed, and an insufficient response to a major social problem. A major fault of these programs was found to be the tangle of authorizations and administrative direction. The Committee stressed a lack of an overall manpower plan to give scattered programs direction. Sharply critical of the "Made-in-Washington" flavor of the manpower efforts, the Committee described the relatively minor role, that of a junior partner, followed by New York State. A failure to recognize the fact that the disadvantaged hard-core unemployed in New York State are New Yorkers underscores the problem.

Further, the Committee has indicated its dissatisfaction with the government orientation of our manpower effort, citing the absence of meaningful participation of private enterprise until recent months. And the Committee has reacted against spiralling welfare costs which provide relief rather than rehabilitation for the disadvantaged family.

In underscoring its initial findings, the Committee notes a manpower paradox: too many underemployed workers existing simultaneously with too many unfilled job openings. And concurrently, a manpower crisis which is a failure to develop an adequate governmental response to the pressing issues created by hard-core unemployment exists and must be corrected.

The Committee has, however, cited the dramatic efforts of recent months involving private enterprise in manpower training for the disadvantaged, coordinating program administration and extending manpower services to reach the disadvantaged.

An urgent need for a State manpower goal was put forth by the Committee as the first step in resolving the state's manpower problems. The Committee suggested a *Guaranteed Manpower Training Act* as a means for providing this goal. The Act would in effect, guarantee job training, skill upgrading, vocational education, and related means of occupational advancement to all workers who could reasonably benefit. The program envisioned establishing a definite series of priorities based on an assessment of the manpower training needs of the State.

To fulfill the goals presented by such a guaranteed job training program, the Committee suggested *an umbrella agency at the State level* to coordinate all State manpower programs, establish a State manpower plan, and sponsor pilot programs to produce innovations in community manpower training. The Committee further recommended an *expansion of manpower training programs* particularly those of the on-the-job training variety to levels approaching need. Although the Committee regards the Federal government as the chief source of manpower funds, it suggested a well measured expansion of the State's manpower development program. An increase of $40 million in the State Manpower Training Program was deemed vital to a meaningful attack on hard-core unemployment.

To effectively bring manpower services to the disadvantaged, the Committee proposed a *Search and Employ program* to mobilize the resources of a variety of agencies in seeking new ways to bring services to the ghetto. A *Model Manpower Planning Grant* program was suggested to provide for innovative manpower development planning at the community level.

A new role for the State Employment Service was envisioned by Committee proposals for expanding its functions to achieve a central labor exchange in the style of the European model. The employment service was seen as the center of all recruitment for manpower training, achieving near universal contact with its clients through registration of all dropouts, high school graduates, and others who are potentially unemployed.

The rehabilitation of employable relief recipients was given special emphasis. The Committee tentatively stated that rehabilitation could replace relief and that job training for the welfare recipient could lessen relief rolls by perhaps as much as 25%. The Committee urged implementation of work incentive programs for relief recipients, and urged expansion of day-care facilities for dependents of mothers on relief who would be employable if not for child caring duties.

The Committee stated its plan to examine another area, the encouragement of private industry participation in manpower training for the disadvantaged. The experience of the new J.O.B.S. program in New York State was to be the focus of the Committee's inquiry.

In addressing itself to the manpower problem, the Committee concentrated on improving the instruments by which government attempts to provide occupational upgrading to the disadvantaged. To some extent, the preliminary report begs the question as to where these jobs are coming from. The Committee has not answered this question. There is no call for job creation. At this stage of its investigation the Committee merely sets forth ways to match men with jobs, to elevate workers on the skill ladder, to rehabilitate the disadvantaged for employment at productive tasks. It is the Committee's earnest belief that the chief problem in unemployment is bridging the skill gap created by a technologically advancing economy. New attitudes, new training methods, and a new commitment by government to erasing, not merely alleviating, hard-core unemployment are the necessary ingredients in the Committee's prospectus for State action.

The Committee will take its findings to the people, and to the experts in the coming months. It stands ready to alter its conclusions as necessary to fit the facts. After a series of hearings and conferences with top labor and management and government personnel, the Committee will bring its recommendations to the Legislature in final form before the 1969 legislative session.